

With the Compliments of

FREDERICK G. GARDINER, Q.C.

APR 30 1963

PRESIDENT
ACTON LIMESTONE QUARRIES LIMITED
365 BAY STREET, TORONTO

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ACTON LIMESTONE QUARRIES LIMITED

Report of the Directors
to the First Annual Meeting of Shareholders

April 19th, 1963

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1962-1963

Report of the Directors

to the First Annual Meeting of Shareholders

1963

1963

1963-1964

1963-1964

ACTON LIMESTONE QUARRIES LIMITED

BOARD OF DIRECTORS

FREDERICK G. GARDINER, Q.C.

JOHN B. REGAN

J. DONALD MINGAY

J. J. FITZPATRICK, Q.C.

GEORGE M. WILSON

JOHN B. CONLIN, Q.C.

W. B. MACDONALD

L. J. MCGOWAN

W. J. ANDERSON, Q.C.

OFFICERS

FREDERICK G. GARDINER, Q.C.	President
JOHN B. REGAN	Executive Vice-President and General Manager
J. DONALD MINGAY	Vice-President
JOHN J. FITZPATRICK, Q.C.	Secretary-Treasurer
DONALD W. STEELE, C.A.	Comptroller
B. W. PEARSON	Assistant Secretary- Treasurer

Transfer Agents

Canada Permanent Toronto General Trust Company
Toronto-Montreal-Winnipeg-Vancouver

Auditors

Clarkson, Gordon and Company

Solicitors

Parkinson, Gardiner, Roberts

REPORT OF THE DIRECTORS TO THE FIRST ANNUAL
GENERAL MEETING OF SHAREHOLDERS

This is the first annual report of the Directors of Acton Limestone Quarries Limited to its shareholders.

Corporate Structure

Limehouse Quarries Limited, originally named Acton Quarries Limited and subsequently changed as indicated, was incorporated on the 22nd day of December, 1960 and is a wholly owned subsidiary of Acton Limestone Quarries Limited, which was incorporated on the 2nd day of April, 1962.

Financial Statements

The balance sheet and operating profit and loss statement for the year ending December 31, 1962, are upon a consolidated basis for Limehouse Quarries Limited and Acton Limestone Quarries Limited.

Activities During 1962

The year 1962 was consumed by your Company in clearing and grading its site, building the most modern limestone crushing plant in Canada, and constructing rail siding facilities capable of handling 300 cars adjacent to the main line of the Canadian National Railways at mileage 34 North-West of Toronto.

Two years ago the site, upon which your Company's plant has been constructed at Acton with a capacity of 1000 tons

per hour on a single shift basis which can be doubled to 2000 tons per hour on a double shift basis, was nothing but a patch on the Niagara Escarpment which runs from upper New York State, through Niagara Falls, Hamilton and Milton to Georgetown. It contained a very large deposit of high quality limestone, the potentialities of which, although long recognized lay idle since the beginning of time.

The actual value of the deposit and the opportune time for its exploitation had to await the development of the golden horseshoe of industrial development from Oshawa to Toronto, Hamilton, St. Catharines and Niagara Falls. As transportation costs became an increasingly large factor in the delivered cost of building materials the adjacency of this deposit to the Toronto-Hamilton market - 34 rail miles from Toronto on the main line of the Canadian National Railways - indicated its potentialities for successful development. The one obstacle which stood in the way was high transportation costs.

The economic and industrial expansion of Canada that took place in the nineteenth and early twentieth century was the result of transportation facilities provided by the railroads. With the invention of the motor vehicle and the development of truck transport, the railways forfeited much of their traffic to the tractor trailer. It remained for a

recent new and realistic approach to rail rate structures to permit the railways to regain their competitive position.

It was not strange that the incorporators of your Company should recognize the benefits to be derived from one of the miracles of the twentieth century, which is the creation of metropolitan cities, which resulted from the tremendous shift in population from the country to the cities, so that well over two-thirds of the population in Canada and the United States now live in urban communities. That development gave rise to the creation of a whole series of metropolitan areas, of which Metropolitan Toronto is only one. Montreal, Ottawa, Hamilton, Windsor, Winnipeg and Vancouver are other examples in Canada, as New York, Philadelphia, Detroit, Chicago, Los Angeles and San Francisco are outstanding examples in the United States.

Not only were we spectators of the creation of metropolitan cities but we also witnessed the fantastic creation of strip urban developments, which run for miles as major centres of population fan out and join themselves together. The most fabulous example of this is Boston, New York, Philadelphia, Wilmington, Baltimore and Washington in the United States and Oshawa, Ajax, Toronto, Clarkson, Oakville, Hamilton, St. Catharines and Niagara Falls in Canada.

The rapid growth of urban developments has resulted in the building over of large deposits of essential building

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materials, such as sand and gravel, which can never now be used. Municipal by-laws and ordinances have also been passed to control the establishment and operation of sand and gravel pits. These developments have created a shortage of such materials with the result that they are now in short supply within economic transportation distance of their natural market.

The Ontario Department of Mines, Industrial Mineral Report Number 8, published in 1962, indicates that the 1960 production figures for building materials located within a radius of 60 miles from Toronto and shipped into the Toronto-Hamilton market were as follows:

Production 1960 Toronto-Hamilton Area

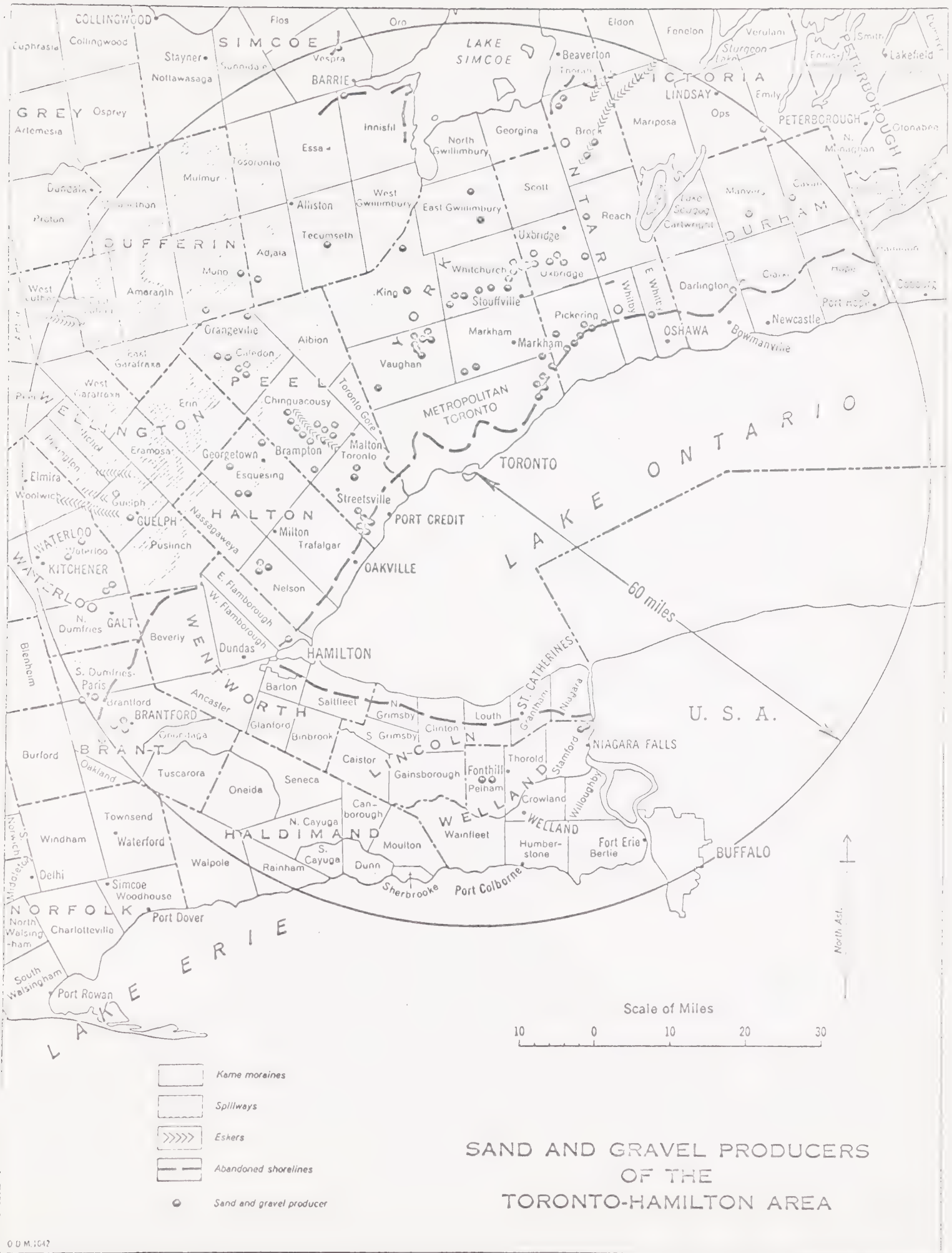
<u>Commodity</u>	<u>No. of Producers</u>	<u>Quantity</u>	<u>Value</u>
Sand and Gravel	64	18,477,500 Tons	\$14,781,552
Crushed Stone	22	9,080,299 Tons	9,707,023
Brick and Tile	20	240,000,000 Brick	16,092,792
Building Stone	12	104,944 Tons	820,199
Portland Cement	2	508,904 Tons	7,858,159
Gypsum	2	355,603 Tons	871,408
Lime	3	102,750 Tons	<u>2,024,689</u>
			\$52,155,822

The values shown are based upon the prices of materials at the pit, quarry or plant. Their cost at the job site in the Toronto-Hamilton area is increased by transportation charges for freight or trucking from the source. Haulage costs of sand and gravel from the pit to the Toronto market average

about \$1 per ton. The total annual haulage bill for sand and gravel shipped to the Toronto market in 1960 was in excess of \$18 million. Comparable figures for the same year for crushed stone are about the same. Not only do these figures demonstrate the demand for building material minerals but also the value of freight involved in their transportation which had been gradually but continuously lost by the railways to truck transport.

Since 1950 the annual consumption of sand and gravel in Ontario has increased from 30 million tons to 75 million tons and the consumption of crushed stone has increased from 5 million to 17 million tons. This increase has necessitated the development of millions of tons of new reserves and the tapping of more distant sources. Therein lay the opportunity that was available for exploitation by your Company.

The crushed stone resources in the Toronto-Hamilton area are indicated in the map appearing on the following page. They are located in the Niagara Escarpment which includes the largest quarries in Ontario producing crushed stone for concrete aggregate, roads, flux for the steel industry, and stone for paper mills and refractory uses. Up to ninety feet of limestone is available in quarry faces in the Milton area. Elsewhere the depth is somewhat less. In your quarry the face extends from forty to ninety feet as it reaches deeper levels as it progresses southerly from the Canadian National



Railway.

The limestone deposits of forty to fifty million tons in the original 250 acres owned by your Company are of the highest quality as is indicated by tests conducted by the Department of Highways of Ontario and other analyses. The estimated quantity of limestone in the lands owned by your Company and under option is sufficient for the capacity operation of your plant for many years.

The capacity of your plant at Acton is gauged by the capacity of its primary crusher which is 2000 tons an hour. The present plant on a single-shift basis has a capacity of two million tons a year which can be doubled to four million tons by the simple expedient of double-shifting the operations. Furthermore the plant is so constructed that, when a market is developed for a capacity beyond four million tons, it can be doubled by the addition of one secondary crusher and two tertiary crushers and by duplicating three screening towers. In this respect the present and future capacity of your plant is such as to take care of the market which the Company may develop for the foreseeable future.

The successful financing of the project depended upon the accomplishment of an agreement between the Canadian National Railways and your Company for freight rates which would be competitive with truck transport. Such an agreement

was finalized and is known as Canadian Freight Rate Association agreed charge agreement between the Canadian National Railways and Acton Limestone Quarries Limited number 1515.

In connection with the financing of the project I should indicate the appreciation of the Company for the confidence shown by the underwriters, Equitable Securities Canada Limited, and their associates and the purchasers of your Company's securities which it can now be demonstrated was well-founded. The underwriting was finalized and completed at a time when there appeared to be a lack of stability in the financial and economic conditions in Canada and its accomplishment evidenced the confidence of the underwriters in the project.

While we have heard many comments to the contrary the fact is that a project of merit which is soundly based and indicates profit potentialities can be financed in Canada, even if the undertaking has not yet been able to demonstrate its earnings capacity in definitive terms.

As is natural, I do not have earnings statements to present to you, which indicate operating profits for 1962, but upon a reasonably conservative estimate of our position in the industry, I think I can safely say that we will have them for you at our next annual general meeting.

Your Company as all others has an automatic partner in the Department of National Revenue which will pry loose

about 52% of your Company's earnings. Despite that situation your Directors and the management are satisfied that your equity investment will enhance in its capital value and will at the appropriate time pay satisfactory dividends.

On behalf of your Board of Directors and the management of your Company I express their appreciation for the confidence which has been shown in your enterprise by our shareholders. I am satisfied that the future will make your investment eminently satisfactory.

It is with these observations that I now present to you the Company's financial statements as of December 31st, 1962, to which the auditors' statement is attached.

Frederick G. Gardiner, Q.C.

April 19th, 1963.

ACTON LIMESTONE QUARRIES LIMITED



AERIAL VIEW OF QUARRY

SECOND ANNUAL REPORT FOR THE
YEAR ENDED DECEMBER 31ST, 1963

OFFICERS AND BOARD OF DIRECTORS

Officers FREDERICK G. GARDINER, Q.C., President
 JOHN B. REGAN, Vice-President and General Manager
 JOHN L. MATTHEWS, Secretary
 JOHN T. McWHIRTER, Treasurer
 DONALD W. STEELE, C.A., Comptroller

Directors J. D. BARRINGTON
 H. J. FRASER
 FREDERICK G. GARDINER, Q.C.
 W. B. MacDONALD
 J. J. MATHER
 L. J. McGOWAN
 JOHN B. REGAN
 R. BRUCE WEST
 GEORGE M. WILSON

Transfer Agents CANADA PERMANENT TRUST COMPANY
 Montreal, Toronto, Winnipeg, Vancouver

Auditors CLARKSON, GORDON & COMPANY

Offices Executive Offices: 365 BAY STREET, TORONTO
 General Offices: 150 McCOWAN ROAD, SCARBOROUGH

Plants ACTON, ONTARIO: Quarry
 SCARBOROUGH, ONTARIO: Distribution Yard
 PINECREST, ONTARIO: Distribution Yard

ACTON LIMESTONE QUARRIES LIMITED

REPORT OF THE DIRECTORS

This report by your directors reviews the year's activities of your Company for 1963 and includes the consolidated financial statements and the auditors' report thereon.

The year 1963 was the Company's first year of operations following construction of the plant and the bringing into production of the limestone quarry located at Acton, Ontario, in 1962. The year's operations produced a profit of \$69,040 before providing for write-off on plant and property and interest on funded debt. A loss of \$357,083 was shown for the year after payment of interest amounting to \$173,624 net and after providing for depreciation and depletion and amortization of plant and property amounting to \$252,499.

While it is disappointing to record a loss, it is not unexpected. The Company's plant, considered one of the most modern and efficient on the North American continent, is designed to take maximum advantage of automation. It must be recognized in view of the amount of the investment, that substantial tonnage volume must be sold to enable the operation to show a profit after providing the required amortization and depreciation charges in connection with the capital investment. From the experience and information gained during the first year of operation, your directors are confident that such a level of operations will be attained. Such results, however, can only be gained following a continued aggressive search for markets and continual strict attention to production costs.

It should also be pointed out that your Company's operations are capable of producing a wide range of products of precise specifications. The full benefit of our plant's capabilities has not yet been fully appreciated by the trade although some progress is being made in this regard by the sales organization.

The entrance of your Company, with its productive capacity of 1,000 tons per hour or 2,000,000 tons per annum on a single shift basis, into the crushed limestone market of Metropolitan Toronto was met, as might be expected, by exceptionally strong opposition from our competitors. As a result, unit sales prices have been reduced to the point where current price levels are unrealistically low.

Because the crushed limestone business is highly competitive not only within itself but with other products the importance of customer service can not be emphasized enough. Your Directors feel that your Company is very fortunate in this regard due to both the location of the quarry and the two distribution yards. The quarry is located 35 miles from Metropolitan

Toronto at Acton, on the main C.N.R. rail line, thus enabling your Company to provide a prompt and efficient service.

To strengthen its competitive position in the industry a distribution yard was acquired in Scarborough and placed in operation in 1963. This yard enables your Company to service the growth of Metropolitan Toronto to the north-east of the city. During 1963 it became apparent that with the very rapid expansion of the Metropolitan area in a north-westerly direction, a distribution yard should be established in this area. Accordingly towards the end of 1963 a site was acquired immediately south of highway No. 7 at Pinecrest, on the C.N.R. access line adjacent to their hump yard. This site, which is well located for servicing the north-west area of Metropolitan Toronto, has now been completed and is in service.

During 1963 it became evident that further capital expenditures should be made at the Acton plant to effect lowering the per ton cost of production to the lowest possible level. The necessary equipment in this connection is presently being installed.

Of major importance to your Company was the acquisition during 1963 by Falconbridge Nickel Mines Limited of 54 percent (386,000 shares) of your Company's issued capital. Early in 1964 Messrs. J. D. Barrington, H. J. Fraser, J. J. Mather and R. B. West were appointed to the Board of Directors, replacing Messrs. W. J. Anderson, J. B. Conlin, J. J. Fitzpatrick and J. D. Mingay. Your Company should benefit from both the financial backing and management counsel that can be offered by Falconbridge.

To Mr. J. B. Regan, executive vice-president and general manager and his staff we express our appreciation for their efforts in the interest of the Company.

The economic outlook for 1964 is certainly promising, with a continued high level of activity in the construction and related industries. Your Company looks forward to further increasing its volume of business and is striving to do everything in its power to place itself in profitable operations.

On behalf of the Board,



President.

May 22, 1964.

ACTON LIMESTONE

(Incorporated under the laws of the State of New York)

and its wholly-owned subsidiary

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT:

Cash on hand.....	\$	2,776	
Accounts receivable.....		119,508	
Inventory of crushed stone at the lower of cost or market.....		278,167	
Prepaid expenses.....		18,884	
Total current assets.....	\$	419,335	

FIXED:

Property, plant and equipment, at cost.....	\$3,211,076	
Excess of value attributed to shares of subsidiary over net book value of underlying assets.....	434,155	
	<u>\$3,645,231</u>	
Less accumulated depreciation and depletion.....	252,988	3,392,243

OTHER:

Preproduction expenditures less amounts written off.....	\$	172,510	
Supplies at cost.....		42,506	215,016

On behalf of the Board:

(Signed) F. G. GARDINER, *Director*

(Signed) J. B. REGAN, *Director*

\$4,026,594

The accompanying notes form an integral part of this statement.

AUDITORS' REPORT TO THE SHAREHOLDERS OF ACTON LIMESTONE QUARRIES LIMITED

We have examined the consolidated balance sheet of Acton Limestone Quarries Limited and its wholly-owned subsidiary, Limehouse Quarries Limited, as at December 31, 1963 and the

statement of consolidated profit and loss and deficit for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

QUARRIES LIMITED

(Incorporated under the laws of Ontario)

Timehouse Quarries Limited

Balance Sheet, DECEMBER 31, 1963

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT:

Bank borrowings (Note 1).....	\$	421,000	
Accounts payable and accrued charges.....		166,100	
Long term accounts payable—current portion.....		25,336	
Mortgage payable—current portion.....		1,600	
	\$	<u>614,036</u>	

LONG-TERM DEBT:

Long term accounts payable.....	\$	109,263	
Less portion shown as a current liability.....		25,336	\$ 83,927
6% mortgage payable, due January 11, 1968.....	\$	7,200	
Less portion shown as a current liability.....		1,600	5,600
6½% Series A bonds (Note 2).....			<u>2,400,000</u>
			<u>\$2,489,527</u>

SHAREHOLDERS' EQUITY (Note 2):

Share capital—			
Authorized:			
1,000,000 shares without par value			
Issued:			
716,000 shares.....	\$1,706,800		
Deficit.....	783,769	\$	923,031
			<u>\$4,026,594</u>

part of the financial statements.

In our opinion the accompanying consolidated balance sheet and statement of consolidated profit and loss and deficit present fairly the financial position of the companies as at December 31, 1963 and the results of their operations for the year then ended, in accordance with generally accepted

accounting principles, which, except as set out in note 3 to the financial statements were applied on a basis consistent with that of the preceding year.

Toronto, Canada, April 8, 1964

CLARKSON, GORDON & Co.
Chartered Accountants

ACTON LIMESTONE QUARRIES LIMITED
and its wholly-owned subsidiary, Limehouse Quarries Limited

STATEMENT OF CONSOLIDATED PROFIT AND LOSS AND DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1963

PROFIT AND LOSS

Profit, before costs listed below.....				\$ 69,040
Depreciation of plant and equipment, depletion of property (including the excess of value attributed to shares of subsidiary) and preproduction ex- penditures written off.....			\$252,499	
Interest on funded debt.....	\$179,117			
Less interest revenue.....	5,493	173,624	426,123	
Net loss for the year.....				<u>\$357,083</u>

DEFICIT

Balance, beginning of year.....				\$ 65,854
Unamortized bond discount and financing expenses at January 1, 1963 written off.....			360,832	
			<u>\$426,686</u>	
Net loss for the year.....			357,083	
Balance, end of year.....				<u>\$783,769</u>

ACTON LIMESTONE QUARRIES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, DECEMBER 31, 1963

1. BANK BORROWINGS

Accounts receivable and inventories have been pledged as collateral against the bank borrowings.

2. CERTAIN COVENANTS UNDER THE TRUST DEED

Under the terms of the Deed of Trust and Mortgage securing the 6½% First Mortgage Redeemable Sinking Fund Bonds, Series A, due May 15, 1982, the company has covenanted, among other things,

(a) That it will pay to the Trustee by way of a sinking fund

(i) On May 15 in each of the years 1964 to 1965 inclusive an amount equal to 20% of Consolidated Net Earnings, and

(ii) On May 15, in each of the years 1966 to 1981 inclusive an amount equal to 20% of Consolidated Net Earnings or an amount sufficient to retire \$141,000 principal amount of the Series A Bonds, whichever is the greater.

(b) That it will not by payment of dividends or redemption of share capital

(i) Reduce its Consolidated Net Current Assets below \$500,000, or

(ii) Reduce the aggregate of the Capital and Consolidated Earned Surplus below 70% of the outstanding principal amount of all Funded Obligations.

3. As of January 1, 1963 the company changed its practice with respect to accounting for bond discount and financing expenses and accordingly wrote off to the deficit account the unamortized balance of \$360,832 at that date; the amount amortized in 1962 was \$11,640.



AERIAL VIEW OF PINECREST



VIEW OF SCARBOROUGH

ACTON LIMESTONE QUARRIES LIMITED

365 BAY STREET
TORONTO 1, ONTARIO

October 20th, 1967

TO THE SHAREHOLDERS:

*Amalgamated 1967 with
INDUSTRIAL MINERALS OF CANADA LTD.*

A Special General Meeting of the Shareholders of the Company is to be held on Tuesday the 28th day of November, 1967, to consider and, if thought fit, to approve and adopt an Amalgamation Agreement which has been entered into between the Company and Industrial Minerals of Canada Limited. A notice calling the Special General Meeting and Information Circular accompany this letter.

Industrial Minerals will acquire from its parent, Falconbridge Nickel Mines Limited, the latter's holdings in your Company, being all of the outstanding bonds and 54% of the outstanding shares. Your Company and Industrial Minerals will then proceed with a statutory amalgamation.

If carried through, the amalgamation will extinguish the debt in the amount of \$2,118,000 represented by the bonds and cancel the inter-company shareholdings.

The Amalgamated Company will continue under the present name "Industrial Minerals of Canada Limited" and with the same authorized capital. Shareholders in Industrial Minerals will maintain identical shareholdings in the Amalgamated Company.

Each 100 shares outstanding of your Company will be changed into 1 share of the Amalgamated Company.

All the assets and business of Industrial Minerals and of your Company will be vested in and carried on by the Amalgamated Company, which will be subject to the debts and liabilities of your Company other than the funded debt, which will be extinguished.

The record of losses experienced in the operations of your Company is well known to shareholders. The deficit reported at the end of the last fiscal year was approximately \$1,800,000, leaving no equity value on the books of the Company for its outstanding shares. As well as the funded debt represented by the bonds, there are currently large bank loans approximating \$1,500,000. As has been reported to shareholders, though there have been improvements in operating procedures and results, the profits have been inadequate to service the Company's heavy debt, and operations and credits have only been continued with the co-operation and assistance of the principal shareholder, so that it has been obvious that some form of reorganization would be necessary. In addition, shareholders have been reminded of the requirement of finding funds for replacement of equipment and improvements, which are normal requirements of this type of business.

Industrial Minerals is an operating company with an established record of success. The integration of your Company's operations with those of Industrial Minerals should be both practical and economic. It has the skills and resources to carry on the business and to assume our present liabilities; the extinguishment of the funded debt by the amalgamation of the Company with its bondholder makes the operation viable. Industrial Mineral's shares are listed on two stock exchanges and have an established dividend record.

The conversion basis of one share in the Amalgamated Company for each 100 shares of your Company now outstanding appears fair and equitable, having regard to past experience and the present position in which the shares are subordinated to funded and other debts of such proportion as to indicate no equity and a negligible market for shares.

Accordingly, your directors recommend that shareholders of the Company confirm and adopt the Amalgamation Agreement, for particulars of which you are referred to the accompanying Information Circular.

To become effective the agreement must be confirmed by two-thirds of the votes cast at the Special General Meetings of each of the amalgamating companies and by Letters Patent of Amalgamation issued by the Provincial Secretary. A form of proxy is enclosed. Shareholders unable to be present are entitled to be represented by a proxy of their own choice. You are requested to please indicate upon the enclosed instrument of proxy the manner in which you wish your shares to be voted, and to forward the same to the Secretary.

On behalf of the Board,

F. G. GARDINER,
President.

ACTON LIMESTONE QUARRIES LIMITED

365 BAY STREET
TORONTO 1, ONTARIO

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

TAKE NOTICE that a Special General Meeting of the Shareholders of Acton Limestone Quarries Limited (hereinafter called "the Company") will be held at the Elizabeth Room, King Edward-Sheraton Hotel, King Street East, Toronto, Ontario, on Tuesday, the 28th day of November, 1967, at the hour of 12:00 o'clock noon, Eastern Standard Time, for the following purposes:

1. To consider and, if thought fit, to approve and confirm the execution of and to adopt (with or without alteration or modification) an agreement made as of the 17th day of October, 1967, (the "Amalgamation Agreement") providing for the amalgamation of the Company with Industrial Minerals of Canada Limited ("Industrial Minerals") a copy of which agreement is marked as Schedule "A" and printed herewith at page 15 and following, and forms part of this Notice of Meeting.
2. To transact such further and other business as may properly come before the meeting.

AND TAKE NOTICE that certain of the directors of the Company are interested in the proposed amalgamation by reason of their respective positions as shareholders and/or directors and/or officers of Industrial Minerals of Canada Limited, or of Falconbridge Nickel Mines Limited, the parent of the Company and of Industrial Minerals, and the present holder of the Company's outstanding bonds and shares proposed to be acquired by Industrial Minerals prior to the Amalgamation, which interests are described on page 10 of the Information Circular issued herewith, and which forms part of this Notice of Meeting. Shareholders are referred to the Circular for the details, purpose and effect of the amalgamation.

Dated at Toronto this 20th day of October, 1967.

By Order of the Board of Directors,

J. L. MATTHEWS,
Secretary.

INFORMATION CIRCULAR

OUTLINE OF THE AMALGAMATION PLAN

It is proposed to effect a statutory amalgamation of Industrial Minerals of Canada Limited and Acton Limestone Quarries Limited.

The Amalgamated Company will have the same name "Industrial Minerals of Canada Limited", and the present shareholders of Industrial Minerals will maintain identical shareholdings in the Amalgamated Company. The shares of Acton will be changed into shares of the Amalgamated Company on the basis of one share for every 100 now held.

The proposal is subject to the approval of the shareholders of both companies and of the usual legal formalities. The proposal is also conditional upon Industrial Minerals acquiring from its parent, Falconbridge Nickel Mines Limited, all of the outstanding funded debt of Acton, consisting of First Mortgage Bonds and also 386,000 outstanding Acton shares in consideration of the issue of shares of Industrial Minerals. The details, purpose and effect of the plan are explained in this Information Circular.

SUMMARY AND PURPOSE OF AMALGAMATION

Industrial Minerals of Canada Limited (called "Industrial Minerals") is an Ontario corporation with shares listed on The Toronto Stock Exchange and on The Canadian Stock Exchange. It carries on an important business, established over thirty years ago, of mining, processing and marketing nepheline syenite, and it owns and operates mining properties containing large deposits of this mineral, and a substantial milling plant both at Nephton, north of Peterborough, in the Province of Ontario, Canada.

For the past three years Industrial Minerals has also been interested in the silica business. By virtue of an amalgamation with the former Canadian Silica Corporation Limited, effected in 1965, Industrial Minerals acquired the extensive deposits of silica and treatment plants of that producing operation located in the Montreal area, near St. Canut. In 1967, the Company took over the silica properties of Simsil Mines Incorporated located at St. Donat and Lachine in the Montreal area. Currently and during the last two years silica has accounted for over forty per cent of the Company's sales. Industrial Minerals has followed a policy of expanding the uses and markets for its mineral products, and of seeking to diversify interests in the industrial minerals field.

Acton Limestone Quarries Limited (called "Acton") is an Ontario company incorporated April 2, 1962. As its principal property, Acton owns a major limestone deposit underlaying some 250 acres of land located adjacent to the main line of the Canadian National Railway 34 miles northwest of Metropolitan Toronto, and an efficient modern plant capable of production of limestone aggregates at approximately 800 tons per hour. This product is supplied chiefly to the Metropolitan Toronto market of which Acton enjoys a fair share, in active competition with other aggregate producers.

In each year since its incorporation, Acton has experienced a net loss. Initially, competition resulted in a serious reduction of prices, and the volume and prices realized have never been sufficient to carry the very heavy debt structure with which Acton commenced business, nor does it appear that Acton's operations can liquidate its present debt which consists of \$2,118,000 in funded debt, being an issue of 6½% First Mortgage Redeemable Sinking Fund Series A Bonds, and bank or current loans approximating \$1,500,000. There are outstanding 716,000 Acton shares without par value with no listed or significant market; these are held by approximately 250 shareholders.

In late 1963, Falconbridge Nickel Mines Limited was approached and became interested in the Acton enterprise and acquired 386,000 shares, still held. Falconbridge is the parent owning 66.8% of the capital stock of Industrial Minerals, and, on a consulting basis Acton has drawn on personnel of Industrial Minerals and Falconbridge to advise on its operations, plant and efficiency. Falconbridge subsequently in 1966 increased its investment in Acton by acquiring bonds and now holds the entire funded debt of Acton.

While there has been some improvement in the operating picture during the period of Falconbridge's interest, it has long been recognized, and reported to Acton shareholders, that the Company is faced with major financial problems of finding funds for its several requirements, including replacement and maintenance of equipment, so that some form of reorganization has appeared inevitable. It remains impossible for Acton, on its own, to continue operations on a basis which will service its funded debt and maintain the banking credits requisite for its needs.

Industrial Minerals' management has considered the Acton operation to offer an opportunity for achieving a diversity in the field of industrial minerals, and the diversification of products will be beneficial. To some extent, the market area between the existing products of Industrial Minerals and those of Acton is common. The integration of administrative management functions is practical and economic. The common use of certain facilities, notably the use of Acton's Toronto yards for Industrial Minerals, and of Industrial Minerals' Whitby property for Acton products, would be convenient and economic. Accordingly, Industrial Minerals explored the terms upon which such acquisition could be beneficially effected and recently submitted a proposal to its parent, Falconbridge, duly accepted, and summarized as follows:

Industrial Minerals will acquire from Falconbridge all of the funded debt of Acton, being bonds to the face value of \$2,118,000 in consideration of the allotment and issue of 41,482 shares of Industrial Minerals issued at \$15.00 (\$622,230) and Falconbridge's holding of 386,000 shares of Acton in consideration of the issue of a further 3,860 shares of Industrial Minerals issued at \$15.00 (\$57,900). These acquisitions are to be followed by a statutory amalgamation of Acton and Industrial Minerals, on the basis that the Acton shareholders receive one share in the Amalgamated Company for each 100 shares now issued and outstanding excluding those Acton shares held by Industrial Minerals. In result, the Amalgamated Company will have an issued capital of 965,497 shares, being 48,642 shares in excess of the present issued capital of Industrial Minerals.

The business effect of the amalgamation is to extinguish the Acton funded debt and all its carrying charges, leaving the Amalgamated Company with all the properties and plant of Acton and obligated for Acton's bank loans. Acton's operation, relieved of the debt, is expected to be profitable. It is considered that the transaction is an advantageous one to Industrial Minerals, both on a long-term and short-term basis. Also it is advantageous to the Acton shareholders in that it places in their hands a marketable and dividend paying common stock on equitable terms.

The legal effect of the amalgamation, if approved by shareholders and confirmed by Letters Patent, is that the present two corporations will be continued as a single amalgamated company in which will be vested all the assets, subject to all the liabilities of Industrial Minerals and of Acton, save for the funded debt which will be extinguished. The corporate name will continue unchanged as "Industrial Minerals of Canada Limited". The holdings of the shareholders of Industrial Minerals will be unchanged. The present operating, commercial and business relations of Industrial Minerals with its customers will be unaffected, and the Acton operations will become an integral part thereof. The Stock Exchange listings of Industrial Minerals will be continued.

PROXIES AND VOTING RIGHTS

This statement is furnished to the shareholders of each of Industrial Minerals of Canada Limited and Acton Limestone Quarries Limited in relation to the meetings of shareholders of their respective companies called by accompanying notices, and is furnished in connection with the solicitation of proxies by managements of each of the respective companies for their meetings. A shareholder giving a proxy has power to revoke it at any time before it is voted. The revocation must be in writing. The Corporations Act (Ontario) provides that notice of the revocation shall be deposited at the Head Office of the Company, or with the Chairman of the meeting, and shall be served on the proxy personally or by mail, addressed to his last known address, and upon either of such deposits and upon either personal service or the expiration of two days of mailing, the instrument appointing the proxy is revoked. The management does not contemplate solicitation of proxies otherwise than through the use of the mails. Neither company intends to pay any compensation for the solicitation of proxies, but may pay brokers or other persons holding shares in their own names or names of

their nominees their expenses for sending proxies and proxy material to the beneficial owners and obtaining their proxies. Each company will bear all expenses in connection with the solicitation of the proxies.

The management is not aware of any amendments, variations or other matters to be presented for action at the forthcoming meeting. Should any such matters properly come before the meeting the proxies solicited hereby will be voted on such matters in the discretion of the person or persons voting the shares represented thereby.

The shareholders of the capital stock of each company of record at the date of their respective meetings are entitled to vote on all matters properly coming before the respective meetings.

There are outstanding 916,855 shares of Industrial Minerals. Each share carries one vote. Falconbridge Nickel Mines Limited owns 612,419 shares, being approximately 66.8% of the present outstanding capital of Industrial Minerals; no other person is known to own more than 10% of such shares.

There are outstanding 716,000 shares of Acton. Each share carries one vote. Falconbridge Nickel Mines Limited also owns 386,000 shares, being approximately 54% of the outstanding shares of Acton; no other person is known to own more than 10% of such shares.

In the case of each Company, the resolution to adopt the amalgamation agreement requires a favourable vote of two-thirds of the votes cast at the meeting.

SHARE EXCHANGE UPON THE AMALGAMATION

The effect of the amalgamation on the several classes of security holders may be summarized as follows:

Each of the 962,197 shares of Industrial Minerals which will be outstanding immediately prior to the amalgamation will be converted into one share of the Amalgamated Company.

All of the 386,000 shares of Acton to be acquired by Industrial Minerals will be cancelled.

Each 100 shares of the remaining 330,000 Acton shares outstanding will be converted into one share of the Amalgamated Company.

The resultant issued capital of the Amalgamated Company will be 965,497 shares.

A pro forma balance sheet of the Amalgamated Company is set forth on pages 12 and 13; this is based upon the unaudited balance sheets of Industrial Minerals and of Acton as of September 30, 1967, reproduced as part of the Schedule.

EFFECT OF AMALGAMATION ON INDUSTRIAL MINERALS SHAREHOLDERS

On completion of the proposed amalgamation the present Industrial Minerals shareholders will have the same shareholdings in a company with an issued capital increased from the present 916,885 shares to 965,497 shares, an increase of 5.3%. The Amalgamated Company will continue to hold all of the present assets and carry on the business of Industrial Minerals. Industrial Minerals shareholders will be familiar with their own Company's affairs through Annual Reports and audited financial statements, the latest of which was for the fiscal year ended December 31, 1966, and from the interim quarterly reports since issued. An unaudited balance sheet as at September 30, 1967, is set out on pages 12 and 13. There has been no significant change in the affairs of the Company since that date.

In addition, the Amalgamated Company will own all of the assets of Acton, subject to the liabilities of Acton, other than the funded debt of \$2,118,000 which will be extinguished. The values of such assets and liabilities as carried on the books of Acton are shown on the unaudited balance sheet of Acton as at September 30, 1967, reproduced on pages 12 and 13. There has been no significant change thereto since that date.

It will be appreciated that the balance sheet of Acton shows a deficit of close to \$1,800,000. Losses experienced, including those reported in the Annual Statements of the last four years, are shown below:

	1963	1964	1965	1966	First nine months 1967
Profit, before costs listed below.....	\$ 69,040	\$ 28,073	\$273,830	\$443,234	\$384,404
Depreciation, depletion, and preproduction expenses written off.....	252,499	399,218	379,756	380,048	285,890
Interest expenses, including bond interest paid.....	173,624	215,113	237,542	152,565	68,651
Reported net profit or (loss).....	(357,083)	(586,258)	(343,468)	(89,379)	29,863
Deduct bond interest not paid.....	—	—	—	92,532	97,524
Resultant net loss.....	<u>\$357,083</u>	<u>\$586,258</u>	<u>\$343,468</u>	<u>\$181,911</u>	<u>\$ 67,661</u>

The bondholders waived interest which fell due in November, 1966 and May, 1967. No provision is yet made for payment of the half year's bond interest due November 15, 1967, but if the amalgamation is carried through Falconbridge will waive the bond interest due and accruing. It will be seen, however, that the losses were largely occasioned by the interest charges on the heavy capitalization, and by depletion and other charges. The debt position remains substantial and sinking fund requirements on the bonds demand cash annually in May.

The Directors of Industrial Minerals assess the value of the proposed Acton Amalgamation on broader grounds than those of this past performance.

The deposits and ore reserves are very large. The plant is considered the most modern large plant in the industry in Canada and has a designed capacity of 800 tons per hour. The Company has achieved a fair share of the important Metropolitan Toronto market. Efficiency in management and operations has been achieved and can be further advanced by the amalgamation. The continuing demands of the market seem obvious, and both early and long-term profits are projected and believed obtainable with the elimination of the funded debt and the easing of demands for cash.

In business terms, it may be said that the cost to Industrial Minerals of "acquiring" the Acton assets by the proposed amalgamation will include:

Value of 41,482 shares of Industrial Minerals to be issued at \$15 per share to acquire the Acton funded debt from Falconbridge.....	\$ 622,230
Value of 3,860 shares of Industrial Minerals to be issued at \$15 per share to acquire 386,000 Acton shares from Falconbridge.....	\$ 57,900
Corresponding value of 3,300 shares of the Amalgamated Company into which the outstanding Acton shares are to be converted.....	\$ 49,500

In addition, the Amalgamated Company will assume Acton's liabilities which approximate \$1,670,000.

Acton's assets, being "acquired", that is which will be vested in the Amalgamated Company, are carried on the books of Acton in excess of \$3,700,000 as appears from the balance sheet. With respect to the figure there shown, in all the circumstances and considering the advantages to Industrial Minerals of expansion and diversification, the Directors of Industrial Minerals are of the opinion:

- that the valuation of Acton's current assets, shown in excess of \$800,000, is reasonable;
- that there is a substantial value to the lands of Acton in that the mineral deposit is estimated to contain over 60,000,000 tons, which it is believed can be worked on a profitable basis in the large, but competitive market of the Metropolitan Toronto area, if the burden of the funded debt is removed, and a better integrated operation developed;
- that the plant and equipment is substantial, and in efficient working condition to handle the large tonnage as stated, and reasonably valued on the books on the basis of continuing operations. With respect to these fixed assets, it should be noted that while depreciation in excess of \$1,500,000 is shown on the balance sheet as having been written off, no such write-off has yet been claimed by Acton for purposes of income tax. In consequence, capital cost allowances approximating \$3,500,000 in respect of Acton assets should be available to the Amalgamated Company as write-offs for tax purposes.

- d) Further, as an added consideration of valuation, in the event, which is not anticipated, that circumstances should arise making the continued operation of the Acton plant unattractive, it is presently estimated that the recovery on disposal of such fixed assets should exceed \$1,000,000.

Accordingly the "cost" to Industrial Minerals of the amalgamation is considered reasonable, and the transaction justified and advantageous in business terms. Moreover, the effect of the amalgamation on net profits appears attractive. Subsequent to amalgamation, the provision for corporate income taxes would reflect the application of capital cost allowances available with respect to Acton assets against the income of the combined companies. This should result in a modest increase in net earnings for the current year 1967, and anticipated substantial benefits in future years when the effect of the amalgamation over a full fiscal period would be reflected in the net profits.

While the net earnings should reflect the increases noted above, the cash flow should also show an immediate substantial increase due to the elimination of bond interest on cancellation of the Acton bonds, and to the reduction in tax payments referred to. This should make possible the liquidation of the bank loan within a few years time.

EFFECT OF AMALGAMATION ON ACTON SHAREHOLDERS

Acton's shareholders, from the published Annual Reports, will be fully aware of the deficit position and the fact that their shares have no remaining book value. Shareholders have also been reminded that continuing waivers of rights to interest and other rights of bondholders cannot be anticipated, nor a satisfactory cash flow maintained, so that some basis of providing for the Company's large funded and current debt is essential.

The share exchange basis provided for in the proposed amalgamation is the conversion of each 100 shares of Acton into one share of the Amalgamated Company to be issued as fully paid and at the rate of \$15 per share, being approximate market value of Industrial Minerals' shares. This is equivalent to 15¢ value per share of Acton. Inquiries reveal that there is no current market for shares of Acton establishing a higher worth, and that the trading in shares of Acton in the past several years has been insignificant.

The shares of Industrial Minerals are listed for trading on The Toronto Stock Exchange and on The Canadian Stock Exchange. Recorded prices on the former have been:

<u>Year</u>	<u>High</u>	<u>Low</u>
1964.....	10 $\frac{7}{8}$	7 $\frac{3}{8}$
1965.....	9 $\frac{3}{4}$	7
1966.....	9 $\frac{1}{2}$	8
1967 to September 29th.....	16 $\frac{5}{8}$	9

It should be noted that both the capitalization of Industrial Minerals and volume of its business were approximately doubled following the acquisition of the silica business in 1964, and the subsequent full integration thereof.

A brief mention of Industrial Minerals' business is set out on page 3 of this Circular. The nepheline syenite development in Canada was the world's first commercial exploitation of that mineral. The Company has done much pioneering and research and market development in demonstrating its superior qualities in the glass, ceramic and other industries. The Company has undertaken extensive research and development to produce nepheline syenite in various grades and fineness of grind and to develop new markets, notably as a filler in paints and various plastic materials. The major market has always been in the northeast section of the United States where large glass and ceramic plants are located. The considerable Canadian market has always been supplied since the product was first developed. More recently the overseas markets in Mexico, Puerto Rico, the United Kingdom and European and other countries have consumed substantial volumes. The Company operates a substantial milling plant at Nephton, north of Peterborough, Ontario, which is served by a Canadian Pacific Railway spur line. The Company has a small American subsidiary, American Nepheline Corporation. There has been one North American competitor also operating from the same deposit in Peterborough County, for a number of years.

The entry into the silica business was effected in 1965 by purchasing shareholdings in and subsequently amalgamating with Canadian Silica Corporation Limited. The Company has modernized the St. Canut plant and developed the Canadian market, largely centred in the Montreal area, by the aggressive action of its sales force. Silica sales currently represent about 40% of the Company's dollar value of sales. During the current year, the Company exercised an option and acquired certain assets of Simsil Mines Incorporated thereby controlling additional high grade deposits in the Montreal area. The Company is the major producer of silica in Canada.

The financial and business position of Industrial Minerals is reported in comprehensive annual reports. A copy of the report for the year ended December 31, 1966, is forwarded for the information of Acton shareholders. The current financial position is indicated by the unaudited balance sheet as at September 30, 1967, reproduced herewith on pages 12 and 13. The current position is not significantly changed. The Company or its predecessors, which as a result of earlier reorganization, continue as the present company, have paid dividends yearly since 1953. Being engaged in mining and processing of minerals, the Company has had the benefit of depletion allowances available under Canadian taxation statutes, and its Canadian shareholders have generally been entitled to claim depletion allowances in respect of dividends received. The markets which the Company supplies are mainly industrial markets; consequently demands and prices for the Company's products are subject to fluctuations experienced in manufacturing industries. A fair impression of Industrial Minerals' operating experience and earnings and dividend record may be gathered from the statistics and figures published in the 1966 Annual Report below. Unaudited results for nine months of 1967 are also shown:

	1958	1959	1960	1961	1962	1963	*1964	*1965	1966	First Nine Months 1967
Sales.....	\$1,776,088	\$1,814,827	\$1,772,064	\$1,544,247	\$1,827,981	\$2,000,318	\$3,785,218	\$3,797,816	\$4,448,471	\$3,787,118
Profit before write-offs and taxes.....	608,047	561,921	541,586	592,686	631,350	725,502	1,136,653	1,385,098	1,727,231	1,232,247
Depreciation and amortization.....	380,575	372,543	364,925	376,940	374,439	426,127	711,955	681,052	723,823	470,032
Corporation income taxes.....	67,800	59,000	51,000	70,232	58,702	21,054	135,000	220,000	315,600	135,127
Net income.....	159,672	130,378	125,661	145,514	198,209	278,321	289,698	484,046	687,808	627,088
Net income per share.....	.39	.32	.31	.35	.48	.68	.35	.56	.80	.68
Shareholders' equity.....	2,510,579	2,514,757	2,557,228	2,630,071	2,828,798	2,950,320	7,339,990	7,446,383	7,658,031	9,063,812
Shareholders' equity per share.....	6.13	6.14	6.25	6.40	6.90	7.19	8.95	8.69	8.94	9.89
Dividends.....	164,000	164,000	82,000	82,000	123,000	164,000	205,000	421,056	471,270	229,214 †
Dividends per share.....	.40	.40	.20	.20	.30	.40	.50	.50	.55	.25 †
per share calculations 1963 and prior years—410,000 shares						*Includes Canadian Silica Corporation Limited—prior to amalgamation				
per share calculations 1964 —820,000 shares						†A dividend of 35¢ per share payable November 15th, 1967 has also				
per share calculations 1965 and 1966 —856,855 shares						been declared.				
per share calculations 1967 —916,855 shares										

The 60,000 shares issued during 1967 for the Simsil acquisition raised the issued capital to 916,855 shares as shown on the September 30 balance sheet. Before the proposed amalgamation is effected, it is intended to issue 45,342 shares at \$15 to Falconbridge Nickel Mines Limited for the acquisition of the outstanding Acton bonds and 386,000 Acton shares.

The share conversion proposed to be effected by the amalgamation will place in the hands of Acton shareholders marketable, dividend-paying shares of the Amalgamated Company, in which the present name, "Industrial Minerals of Canada Limited" is to be continued, in place of their present holdings, and on the basis of one share of the Amalgamated Company for 100 shares of Acton. The Directors of Acton are unanimously of the opinion that this is equitable; the extent of interlocking interests of the directors is shown below.

INTEREST OF FALCONBRIDGE NICKEL MINES LIMITED

As already stated, Falconbridge Nickel Mines Limited is the parent of Industrial Minerals holding 612,419 shares or approximately 66.8% of the present issued capital. Falconbridge or its predecessor, Ventures Limited, has been a major shareholder of Industrial Minerals and of its predecessors since about

1938, and there are certain common directors, officers and shareholders. Falconbridge had no part in the formation of Acton, but after Acton's initial business difficulties and losses, was approached by Acton management as a company able to provide financial backing and management experience. Falconbridge acquired outstanding securities of Acton from the holders to the extent of 386,000 shares (54%) and bonds to the face value of \$2,118,000 which, as a result of retirement of other small holdings, are now all the outstanding bonds. Falconbridge's total investment exceeds \$2,000,000, including \$1,319,340 paid for the bonds in 1966-67. Falconbridge has facilitated the Acton operations by providing management and technical experience, in part provided by its subsidiary Industrial Minerals, by arranging for large banking credits and by cash advances. Also as a bond holder it has waived certain interest payments. Since acquisition of such Acton securities, some Falconbridge nominees have held office as directors or officers of Acton, and the three Companies have now certain common directors, officers, or shareholders, as indicated below under the heading "Interlocking Interests".

Falconbridge is involved in the amalgamation proposed in that it will exchange \$2,118,000 Acton bonds with Industrial Minerals for 41,482 Industrial Minerals shares to be issued at \$15 per share (\$622,230) and its holdings of 386,000 Acton shares for an additional 3,860 Industrial Minerals shares to be issued at \$15 per share (\$57,900) conditional upon the amalgamation being approved. After the amalgamation, Falconbridge will hold 657,761 shares, being 68.1% of the total issued shares of the Amalgamated Company, amounting to 965,497 shares. It will be seen that Falconbridge will not by reason of these transactions have profited by or realized upon its initial investment in securities of Acton; this will be represented by a continuing interest in the Amalgamated Company which will carry on Acton's operations.

STOCK EXCHANGE LISTINGS

Application will be made to The Toronto Stock Exchange and The Canadian Stock Exchange to continue the listing of the shares of the Amalgamated Company in substitution for the listing of the shares of Industrial Minerals of Canada Limited.

AMALGAMATION AGREEMENT—BY-LAWS

It will be noted that the name of Industrial Minerals of Canada Limited and its French equivalent Minéraux Industriels du Canada Limitée will be continued in use by the Amalgamated Company, if the Amalgamation Agreement is adopted and Letters Patent are granted by the Provincial Secretary. The holdings of the present shareholders of Industrial Minerals will not be altered in number or character, and inasmuch as there will be no change in the present business conducted nor in relations with customers or the public, no detrimental results or confusion will be occasioned.

The existing by-laws of Industrial Minerals referred to in the Agreement will be the by-laws of the Amalgamated Company. A copy of these by-laws will be available for inspection by any shareholder of Acton or of Industrial Minerals at the office of the Secretary, 20th Floor, 7 King Street East, Toronto.

EXCHANGE OF SHARE CERTIFICATES

If the Amalgamation Agreement is adopted by the shareholders of both companies and Letters Patent issued, the shareholders will be notified at their last recorded addresses.

As the name and capitalization of the Amalgamated Company are identical with that of Industrial Minerals and the shareholdings will be unaffected, there will be no requirement for physical exchange of share certificates by present shareholders of Industrial Minerals.

Persons holding outstanding shares of Acton will be notified in due course to surrender their certificates for exchange on the basis of one share in the Amalgamated Company for each 100 shares of Acton outstanding.

A person entitled to receive a fraction of a share of the Amalgamated Company will not be registered on its books in respect thereof, but will be entitled to receive a bearer fractional certificate. It is expected an offer will be arranged to permit any holder of a fractional certificate to exchange such fractional certificate for cash.

INTERLOCKING INTERESTS

As stated above, both Industrial Minerals and Acton are subsidiaries of Falconbridge, and there are certain interlocking interests of directors and officers. Falconbridge's interests have already been briefly described. Shown below are the shareholdings of directors, and brief particulars of the interests, whether direct or indirect, through ownership of securities or otherwise, of directors and senior officers of Industrial Minerals and of Acton, and of their associates, as reported by each such director and senior officer as possibly material in relation to matters proposed and to be acted upon by the shareholders, or to transactions which have arisen since January 1, 1966, and which materially affected Industrial Minerals or Acton.

Name	Position	Industrial Minerals		Acton		Falconbridge	
		Shares Beneficially Owned		Shares Beneficially Owned		Shares Beneficially Owned	
H. J. FRASER	President, Director (since 1962)	2,000		*		President, Managing Director	4,721
J. J. MATHER	Executive Vice-President, Managing Director (since 1959)	700		Vice-President, Director	*	—	—
F. D. HART	Director (since 1957)	230	—	—	—	—	—
P. DESSAULLES, Q.C.	Director (since 1965)	1,200	—	—	—	—	—
J. T. McWHIRTER	Director (since 1965)	*		Treasurer	*	Treasurer	300
P. N. PITCHER	Director (since 1967)	*	—	—		Director, Vice-President— Minerals Division	*
G. T. N. WOODROOFFE	Director (since 1965)	*		Director	*	Vice-President— Finance	1,167
F. G. GARDINER	—	—		President, Director	15,725	—	100
J. D. BARRINGTON	—	—		Director	1,000	Director	304
W. B. MACDONALD	—	—		Director	1,000	—	—
L. J. MCGOWAN	—	—		Director	2,500	Director	*
R. B. WEST	—	—		Director	*	Director	1,700
G. M. WILSON	—	—		Director	1,000	—	—
J. L. MATTHEWS	—	—		Secretary	*	Assistant Secretary	5
D. C. McDONALD	General Manager Operations	—	—	—	—	—	200
GEORGE ARMSTRONG	—	—		General Manager	*	—	20

NOTE: 1. * designates the holding of one qualifying share without beneficial ownership.

2. Persons not listed above who are within The Corporations Act definition of "senior officer" have reported no interests material to the above matters or transactions. Mr. McGowan's wife holds 300 shares of Falconbridge. Mr. West is a trustee of an estate holding 1,000 shares of Falconbridge.
3. Clause 11 of the Amalgamation Agreement, set out at page 17, lists the first directors of the Amalgamated Company, setting forth their callings. Such persons, also listed above, are the present directors of Industrial Minerals, who have held office as such in the Company or its predecessors since the years shown above. Mr. Dessaulles is engaged in the practice of law in the City of Montreal as counsel to the firm of Byers, McDougall, Casgrain Stewart & Kohl. Mr. F. Donald Hart is Administrative Director with American Gas Association, Inc. in New York. Mr. J. J. Mather is engaged with Industrial Minerals of Canada Limited. The remainder of such directors are employed by Falconbridge Nickel Mines Limited and/or its associated companies.

FINANCIAL STATEMENTS

The following financial statements are set out at pages 12 and 13, with Notes at page 14.

- An unaudited Pro Forma Consolidated balance sheet of the Amalgamated Company as of 30th September, 1967, based on the underlisted unaudited statements there included and shown in columnar form.
- Unaudited consolidated balance sheet of Industrial Minerals of Canada Limited with its wholly-owned subsidiary company, American Nepheline Corporation as at 30th September, 1967.
- Unaudited balance sheet of Acton Limestone Quarries Limited as of 30th September, 1967.

Industrial Minerals of Canada Limited

(the Amalgamated Company)

Unaudited Pro Forma Consolidated Balance Sheet

including

the consolidated balance sheet of Industrial Minerals of Canada Limited (Industrial) with its wholly-owned subsidiary company, American Nepheline Corporation and the balance sheet of Acton Limestone Quarries Limited (Acton), all as at 30th September 1967

ASSETS

	Industrial	Acton	Amalgamated company
CURRENT ASSETS:			
Cash.....	\$ 243,008	\$ 5,377	\$ 248,385
Short term investments, at cost (approximately market value)	780,181	—	780,181
Accounts receivable for product and freight.....	1,354,694	727,868	2,082,562
Inventories of crude ore and finished products, valued at the lower of average cost or net realizable value.....	264,719	132,933	397,652
Prepaid expenses and sundry receivables.....	72,048	16,276	88,324
	<u>2,714,650</u>	<u>882,454</u>	<u>3,597,104</u>
FIXED ASSETS:			
Buildings, plant and equipment, at cost.....	10,093,940	3,481,235	13,575,175
less			
Accumulated depreciation.....	5,860,318	1,514,231	7,374,549
	<u>4,233,622</u>	<u>1,967,004</u>	<u>6,200,626</u>
Mining properties and land, at cost less accumulated depletion (Acton) of \$123,395.....	197,819	761,358	959,177
Excess of the cost over the net book value of the underlying assets acquired—note 4.....	1,574,482	—	170,723
	<u>6,005,923</u>	<u>2,728,362</u>	<u>7,330,526</u>
OTHER ASSETS:			
Mine and mill supplies, at cost.....	264,345	39,884	304,229
Deferred development expenditures, less amounts written off..	96,664	69,879	166,543
Other mining properties and expenditures thereon.....	580,171	—	580,171
Special corporation tax, refundable.....	54,563	4,199	58,762
	<u>995,743</u>	<u>113,962</u>	<u>1,109,705</u>
	<u>\$ 9,716,316</u>	<u>\$ 3,724,778</u>	<u>\$12,037,335</u>

See Notes to balance sheet at page 14.

Industrial Minerals of Canada Limited

(the Amalgamated Company)

Unaudited Pro Forma Consolidated Balance Sheet

including

the consolidated balance sheet of Industrial Minerals of Canada Limited (Industrial) with its wholly-owned subsidiary company, American Nepheline Corporation and the balance sheet of Acton Limestone Quarries Limited (Acton), all as at 30th September 1967

LIABILITIES AND CAPITAL

		Industrial	Acton	Amalgamated company
CURRENT LIABILITIES:				
Bank loan		\$ —	\$ 1,534,000	\$ 1,534,000
Accounts payable and accrued charges		546,429	127,909	674,338
Estimated income taxes payable		89,554	—	89,554
Principal payments on mortgage loans due within one year		4,512	800	5,312
		<u>640,495</u>	<u>1,662,709</u>	<u>2,303,204</u>
LONG TERM:				
First mortgage sinking fund Series A bonds—note 2(b)		—	2,118,000	—
Mortgage loans, less amounts due within one year		12,009	7,344	19,353
		<u>12,009</u>	<u>2,125,344</u>	<u>19,353</u>
SHAREHOLDERS' EQUITY:				
Capital stock, no par value				
	<u>Authorized</u>	<u>Issued</u>		
Pro forma	1,000,000	965,497	—	8,775,324
Acton	1,000,000	716,000	—	1,706,800
Industrial	1,000,000	916,855	7,308,530	—
Contributed surplus			374,964	—
Retained earnings (deficit*)—note 3			1,380,318	1,770,075*
			<u>9,063,812</u>	<u>63,275*</u>
			<u>\$ 9,716,316</u>	<u>\$ 3,724,778</u>
				<u>\$12,037,335</u>

See Notes to balance sheet at page 14.

Industrial Minerals of Canada Limited

(the Amalgamated Company)

Notes to unaudited pro forma consolidated balance sheet

1. The accompanying consolidated balance sheet includes the accounts of the wholly-owned subsidiary company, American Nepheline Corporation, which company will remain a wholly-owned subsidiary of the Amalgamated Company. The net book value of the subsidiary company as at 30th September 1967, expressed in Canadian funds, is \$47,844.
2. The pro forma consolidated balance sheet of the Amalgamated Company gives effect, as at 30th September 1967, to:
 - (a) the acquisition by Industrial, immediately prior to this amalgamation, of 386,000 shares of the capital stock of Acton from Falconbridge Nickel Mines Limited, the consideration being the issue of 3,860 shares, fully paid and non-assessable, at \$15 per share of the capital stock of Industrial for a total of \$57,900.
 - (b) the acquisition by Industrial of 6½% first mortgage sinking fund Series A bonds due 15th May 1982 with a face value of \$2,118,000 issued by Acton from Falconbridge Nickel Mines Limited—the consideration being the issue to Falconbridge Nickel Mines Limited of 41,482 shares of Industrial, fully paid and non-assessable, at \$15 per share for a total of \$622,230.
 - (c) the statutory amalgamation of Industrial and Acton under the name of Industrial Minerals of Canada Limited, which statutory amalgamation provides for share conversions, after cancelling 386,000 shares of Acton owned by Industrial and referred to in paragraph (a) above, on the following basis:
 - (i) One share of Industrial into one share of the Amalgamated Company.
 - (ii) One hundred shares of Acton into one share of the Amalgamated Company.
3. The effect of the transactions in Note 2 on the capital, contributed surplus and retained earnings of the Amalgamated Company is as follows:

(a)	Issued capital	Contributed surplus	Retained earnings
Balances as shown on the consolidated balance sheet of Industrial as at 30th September 1967.....	\$ 7,308,530	\$ 374,964	\$ 1,380,318
<i>add</i>			
Shares of Industrial issued to acquire 386,000 Acton shares—note 2(a) above.....	57,900		
Shares of Industrial issued to acquire Acton bonds—note 2(b) above.....	622,230		
Balances as shown on the balance sheet of Acton as at 30th September 1967..	1,706,800		1,770,075*
	9,695,460	374,964	389,757*
<i>deduct</i>			
Cancellation of 386,000 shares of Acton held by Industrial (53.91%).....	920,136		954,247*
	<u>\$ 8,775,324</u>	<u>\$ 374,964</u>	<u>\$ 564,490</u>

*denotes a negative figure

(b)	Industrial	Acton	Amalgamated company
Number of shares issued and outstanding as at 30th September 1967.....	916,855	716,000	
Shares of Industrial issued to acquire shares of Acton—note 2(a).....	3,860		
Shares of Industrial issued to acquire bonds of Acton—note 2(b).....	41,482		
Shares of Acton held by Industrial and cancelled on amalgamation.....		386,000	
Shares converted.....	962,197	330,000	
at the rate of.....	1:1 new	100:1 new	
Issued and outstanding shares of the Amalgamated Company.....	<u>962,197</u>	<u>3,300</u>	<u>965,497</u>

4. The balance sheet of Industrial, as at 30th September 1967, includes, under the captions "Buildings, plant and equipment, at cost" and "Mining properties" the cost to the former owner of certain assets acquired upon amalgamation in 1965. The accumulated depreciation shown on the same balance sheet records the depreciation provided on these assets by the former owner as well as depreciation subsequently provided by Industrial. The price paid by Industrial for the assets then acquired exceeded the net book value at which such assets were recorded by the former owner by \$1,574,482—which amount is shown on the balance sheet of Industrial as at 30th September 1967 as a part of the total asset value of buildings, plant, equipment and mining properties.

The consideration (\$57,900) for the 386,000 Acton shares acquired from Falconbridge Nickel Mines Limited (note 2(a) above) exceeds the net book value of the underlying assets, as at 30th September 1967, by \$92,011.

The consideration (\$622,230) for the Acton bonds acquired from Falconbridge Nickel Mines Limited (note 2(b) above) was determined by reference to the value of the underlying assets of Acton to a purchaser and not by reference to the net book value at which such assets are carried on the books of Acton. The cancellation of these bonds, upon amalgamation of Industrial and Acton, results in a credit of \$1,495,770.

The pro forma balance sheet of the Amalgamated Company as at 30th September 1967 consolidates these three figures with the result that the net excess of the cost of buildings, plant, equipment, mining properties and land acquired through amalgamation exceeds the net book value of such underlying assets by \$170,723.

Schedule "A"

MEMORANDUM OF AGREEMENT made as of the 17th day of October, 1967

BETWEEN:

INDUSTRIAL MINERALS OF CANADA LIMITED,
a company incorporated under the laws of the Province of
Ontario, (hereinafter called "Industrial Minerals")

OF THE FIRST PART

—and—

ACTON LIMESTONE QUARRIES LIMITED, a com-
pany incorporated under the laws of the Province of
Ontario, (hereinafter called "Acton")

OF THE SECOND PART

WHEREAS Industrial Minerals and Acton were each incorporated under the laws of the Province of Ontario and have the same or similar objects;

AND WHEREAS Industrial Minerals proposes to acquire from a third party all of the existing funded debt of Acton comprising 6½% First Mortgage Redeemable Sinking Fund Series "A" Bonds to the face value of \$2,118,000 in consideration of the allotment and issue to the third party of 41,482 fully paid and non-assessable shares of the capital stock of Industrial Minerals, and 386,000 of the outstanding shares of Acton in consideration of the allotment and issue of 3,860 fully paid and non-assessable shares of the capital stock of Industrial Minerals, subject to certain terms and conditions including the approval of the amalgamation of Industrial Minerals with Acton, which said transaction is hereinafter referred to as "the funded debt and share acquisition";

AND WHEREAS the authorized capital of Industrial Minerals is divided into 1,000,000 shares without par value, of which there are now issued and outstanding as fully paid 916,855 shares, and subject to issue on closing of the funded debt and share acquisition, a further 45,342 shares as fully paid;

AND WHEREAS the authorized capital of Acton is divided into 1,000,000 shares without par value of which 716,000 shares are issued and outstanding as fully paid;

AND WHEREAS Industrial Minerals and Acton, acting under the authority contained in The Corporations Act (Ontario) desire and have agreed to amalgamate upon the terms and conditions hereinafter set out;

AND WHEREAS Industrial Minerals and Acton have made full disclosure to each other of all their respective assets and liabilities;

AND WHEREAS it is desirable that such amalgamation should be effected;

NOW THEREFORE THIS AGREEMENT WITNESSETH as follows:

1. In this agreement the expressions "Amalgamated Company" and "Company" mean the company continuing from the amalgamation of Industrial Minerals and Acton.
2. Industrial Minerals and Acton do hereby agree to amalgamate under the provisions of Section 96 of The Corporations Act (Ontario) and to continue as one company under the terms and conditions hereinafter set out.
3. The name of the Amalgamated Company shall be "Industrial Minerals of Canada Limited", the Amalgamated Company to have the right to use its name in the following form and language: "Minéraux Industriels du Canada Limitée".

4. The objects of the Amalgamated Company shall be as follows:
- (a) to carry on in all its branches the business of mining, milling, reduction and development;
 - (b) to acquire, own, lease, prospect for, open, explore, develop, work, improve, maintain and manage mines and mineral lands and deposits, and to dig for, raise, crush, wash, smelt, assay, analyze, reduce, amalgamate, refine, pipe, convey and otherwise treat ores, metals and minerals, whether belonging to the Company or not, and to render the same merchantable and to sell or otherwise dispose of the same or any part thereof or interest therein; and
 - (c) to take, acquire and hold as consideration for ores, metals or minerals sold or otherwise disposed of or for goods supplied or for work done by contract or otherwise, shares, debentures or other securities of or in any other company having objects similar, in whole or in part, to those of the Company and to sell and otherwise dispose of the same.

And the following provisions shall apply to the Amalgamated Company:

- (i) That it shall not be necessary for a majority of the board of directors of the Company to constitute a quorum of the board, provided that in no case shall a quorum be less than two-fifths (2/5) of the board of directors; and further provided that, subject to the foregoing, and until such time as the quorum shall be otherwise fixed by special resolution of the Company, three (3) of the directors shall constitute a quorum for the transaction of business.
 - (ii) That meetings of the board of directors and the executive committee (if any) of the Amalgamated Company may be held at any place within or outside of Ontario and meetings of the shareholders of the Amalgamated Company may be held at any place within Ontario.
 - (iii) That the Amalgamated Company may pay commissions to persons in consideration of their subscribing or agreeing to subscribe, whether absolutely or conditionally, for shares in the Amalgamated Company, or procuring or agreeing to procure subscriptions whether absolute or conditional for such shares, but no such commission shall exceed 25 per cent of the amount of the subscription.
 - (iv) That the Amalgamated Company may from time to time:
 - (a) borrow money on the credit of the Amalgamated Company;
 - (b) issue, sell or pledge securities of the Amalgamated Company;
 - (c) charge, mortgage, hypothecate or pledge all or any of the real or personal property of the Amalgamated Company, both present and future, including book debts and unpaid calls, rights, powers, franchises and undertakings to secure any securities or any money borrowed or other debt or other obligation or liability of the Amalgamated Company.
5. The authorized capital of the Amalgamated Company shall consist of 1,000,000 shares without par value, PROVIDED that the said 1,000,000 shares shall not be issued for a consideration exceeding in amount or value the sum of \$10,000,000 or such greater amount as the board of directors of the Amalgamated Company may deem expedient on payment to the Treasurer of Ontario of the fees payable on such greater amount, and the issuance by the Provincial Secretary of a certificate of such payment.
6. Prior to the issue of letters patent confirming this agreement and amalgamating Industrial Minerals and Acton, Industrial Minerals shall complete the funded debt and share acquisition above recited and allot and issue 45,342 shares of the capital stock of Industrial Minerals as fully paid and non-assessable and at the rate of \$15.00 per share.
7. The 386,000 issued and outstanding shares of Acton to be acquired and recorded in the name of Industrial Minerals upon the completion of the funded debt and share acquisition above recited shall, on and from the date of the letters patent confirming this agreement, be cancelled.
8. The shares of Industrial Minerals issued and outstanding, after the issuance of the aforesaid shares to complete the funded debt and share acquisition and immediately prior to the date of the letters patent confirming this agreement, and the remaining 330,000 issued and outstanding shares of Acton shall, on and from the date of the letters patent confirming this agreement, be converted into issued shares of the Amalgamated Company on the following basis:

- (a) the 962,197 then issued shares without par value in the capital of Industrial Minerals shall be converted share for share into a like number of issued and fully paid shares without par value in the capital of the Amalgamated Company, being at the rate of one share of the Amalgamated Company for each share of Industrial Minerals;
- (b) the said 330,000 issued shares without par value in the capital of Acton shall be converted into 3,300 issued and fully paid shares without par value in the capital of the Amalgamated Company.

After the issue of letters patent confirming this agreement, the shareholders of Industrial Minerals and of Acton, if and when requested by the Amalgamated Company so to do, shall surrender the certificates for shares of Industrial Minerals and Acton held by them respectively for cancellation, and in return shall be entitled to receive certificates for shares of the Amalgamated Company on the basis aforesaid.

9. The head office of the Amalgamated Company shall be in the Municipality of Metropolitan Toronto, in the County of York, Province of Ontario.

10. Save as hereinafter provided, the existing By-laws of Industrial Minerals now in force, namely: By-laws Nos. 2, 3 and 4 pertaining to borrowing and By-law No. 14 relating to the management and affairs of Industrial Minerals shall be the by-laws of the Amalgamated Company until repealed, amended, altered or extended.

11. The Board of Directors of the Amalgamated Company shall be the following:

<u>Name</u>	<u>Calling</u>	<u>Residence</u>
HORACE JOHN FRASER.....	Mining Executive.....	Palgrave, Ontario.
JOHN JOSEPH MATHER.....	Mining Executive.....	12 Brianclyffe Drive, Don Mills, Ontario.
FREDERICK DONALD HART.....	Executive.....	Farmington, Rte. 5, Franklin, Tennessee, U.S.A.
PETER NAISMITH PITCHER.....	Mining Executive.....	76 Old Mill Road, Toronto, Ontario.
PIERRE DESSAULLES.....	Barrister and Solicitor.....	812 Lansdowne Avenue, Westmount, Quebec.
GEORGE THOMAS NOEL WOODROOFFE.....	Mining Executive.....	296 Lytton Boulevard, Toronto, Ontario.
JOHN TRAILL McWHIRTER.....	Treasurer.....	109 The Kingsway, Toronto, Ontario.

The said first directors shall hold office until the first annual meeting of the Amalgamated Company or until their successors are elected or appointed. The subsequent directors shall be elected or appointed in accordance with the provisions of The Corporations Act (Ontario). The management and working of the Amalgamated Company shall be under the control of the board of directors from time to time subject to the provision of The Corporations Act (Ontario).

12. Industrial Minerals shall contribute to the Amalgamated Company all its assets, subject to all its liabilities, as the same exist on the date of issue of Letters Patent of Amalgamation confirming this agreement.

13. Acton shall contribute to the Amalgamated Company all its assets, subject to all its liabilities, as the same exist on the date of issue of Letters Patent of Amalgamation confirming this agreement.

14. The obligation of Acton under its funded debt represented by the hereinbefore recited bonds to be acquired by Industrial Minerals shall upon confirmation of this agreement by Letters Patent of Amalgamation be extinguished.

15. Subject to the provisions of the preceding paragraph, the Amalgamated Company shall possess all the property, rights, privileges, franchises and shall be subject to all liabilities, contracts, disabilities and debts of Industrial Minerals and Acton, and each of them.

16. The rights of creditors against the property, rights and assets of Industrial Minerals and Acton and all liens upon their property, rights and assets shall be unimpaired by such amalgamation, and all debts, contracts, liabilities and duties of Industrial Minerals and Acton shall thenceforth attach to the Amalgamated Company and may be enforced against it.

17. No action or proceeding by or against Industrial Minerals or Acton shall abate or be affected by the amalgamation.

18. Upon the shareholders of Industrial Minerals and Acton respectively adopting this agreement, such fact shall be certified upon this agreement by the Secretary of each of the parties hereto under their respective corporate seals, and the parties thereto by their joint application shall on or before November 30th, 1967, apply to the Lieutenant-Governor of the Province of Ontario for Letters Patent confirming this agreement. Industrial Minerals and Acton may by resolution of their respective directors assent to any alteration or modification of this Amalgamation Agreement which the shareholders of their respective companies at meetings called to consider the same or the Provincial Secretary of Ontario may approve, and the expression "this Agreement" as used herein shall be read and considered to mean this Amalgamation Agreement as so altered or modified.

IN WITNESS WHEREOF this agreement has been duly executed by the parties hereto under their respective corporate seals, as witnessed by the signatures of their proper officers in that behalf.

INDUSTRIAL MINERALS OF CANADA LIMITED

Per "H. J. FRASER", President

Corporate
Seal

Per "D. D. ANDERSON", Secretary

ACTON LIMESTONE QUARRIES LIMITED

Per "FREDERICK G. GARDINER", President

Corporate
Seal

Per "JOHN L. MATTHEWS", Secretary

NEW ISSUES

AR28

Acton Limestone Quarries Limited

(Incorporated under the laws of the Province of Ontario)

\$2,400,000 6½% First Mortgage Sinking Fund Bonds, Series A

To be dated May 15, 1962

To mature May 15, 1982

Carrying a bonus of 40 Shares without
par value with each \$1,000 Series A Bond

320,000 Shares without par value

The shares offered by this prospectus are speculative securities.

Equitable Securities Canada Limited

60 Yonge Street Toronto 1

MONTREAL

HAMILTON

KITCHENER

MAY 24 1962

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file

320,000 Shares without par value

Acton Limestone Quarries Limited

(Incorporated under the laws of the Province of Ontario)

Transfer Agent and Registrar:

Canada Permanent Toronto General Trust Company
Montreal, Toronto, Winnipeg and Vancouver

Price: \$2.50 per share

We, as principals, offer these Shares subject to prior sale and change in price and to the approval of all legal matters on our behalf by Messrs. Zimmerman, Haywood, Winters & Chambers and on behalf of the Company by Messrs. Parkinson, Gardiner, Roberts, Anderson, Conlin & Fitzpatrick.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books without notice.

It is expected that definitive share certificates will be available for delivery on or about May 30, 1962.

\$2,400,000

Acton Limestone Quarries Limited

(Incorporated under the laws of the Province of Ontario)

6½% First Mortgage Sinking Fund Bonds, Series A

carrying a bonus of 40 shares without par value per \$1,000 principal amount of Series A Bonds

To be dated May 15, 1962

To mature May 15, 1982

Principal and half-yearly interest (May 15 and November 15) and redemption premium, if any, payable in lawful money of Canada at the holder's option at any branch of the Company's bankers in Canada (far northern branches excepted). The 6½% First Mortgage Sinking Fund Bonds Series A (hereinafter sometimes referred to as the "Series A Bonds") will be in coupon form, with provision for registration as to principal only, in the denomination of \$1,000 and in fully registered form in denominations of \$1,000 and authorized multiples thereof.

The Series A Bonds are to be redeemable, otherwise than out of sinking fund moneys, at the option of the Company, in whole at any time or in part from time to time on not less than 30 days notice at the principal amount thereof plus a premium of 6½% of such principal amount if redeemed on or before May 15, 1963, such premium thereafter decreasing $\frac{2}{3}$ of 1% of such principal amount for each year commenced or elapsed from May 15, 1963 to the date specified for redemption up to and including May 15, 1979 and thereafter and prior to maturity at the principal amount thereof, together in all cases with accrued interest to the date specified for redemption.

No Series A Bonds shall be redeemed prior to May 15, 1972, except out of sinking fund moneys, in connection with a refunding operation by the application, directly or indirectly, of borrowed funds having an interest cost to the Company of less than 6½% per annum.

The Trustee will have the right to redeem the Series A Bonds out of sinking fund moneys at the principal amount thereof plus accrued interest to the date specified for redemption.

The Company is to have the right at any time to purchase Series A Bonds in the market or by private contract at prices not exceeding the price (including accrued interest) at which the Series A Bonds could then be redeemed at its option.

Sinking Fund

The Company will covenant to establish a sinking fund by paying to the Trustee annual amounts (as set out herein under the heading "Sinking Fund") to retire the full principal amount of the Series A Bonds by maturity.

Trustee: Canada Permanent Toronto General Trust Company

IN THE OPINION OF COUNSEL, THESE BONDS WILL BE INVESTMENTS IN WHICH THE CANADIAN AND BRITISH INSURANCE COMPANIES ACT STATES THAT COMPANIES REGISTERED UNDER PART III THEREOF MAY, WITHOUT AVAILING THEMSELVES FOR THAT PURPOSE OF THE PROVISIONS OF SUBSECTION (4) OF SECTION 63 OF SAID ACT, INVEST THEIR FUNDS.

We, as principals, offer the \$2,400,000 principal amount of Series A Bonds, if, as and when issued and accepted by us, subject to the approval of all legal matters on behalf of the Company by Messrs. Parkinson, Gardiner, Roberts, Anderson, Conlin & Fitzpatrick and on our behalf by Messrs. Zimmerman, Haywood, Winters & Chambers, who may rely on the opinion of Messrs. Parkinson, Gardiner, Roberts, Anderson, Conlin & Fitzpatrick in respect to the title of the Company's subsidiary to its properties.

Price: 100 and accrued interest

Subscriptions will be received, subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Series A Bonds in definitive form and definitive certificates representing the bonus shares will be available for delivery on or about May 30, 1962.

The following information has been supplied by officers of Acton Limestone Quarries Limited:

The Company

Acton Limestone Quarries Limited (hereinafter called the "Company") was incorporated under the laws of the Province of Ontario on April 2, 1962 and owns all the issued shares of Limehouse Quarries Limited (hereinafter called "Limehouse"). Limehouse was incorporated in December 1960 for the purpose of acquiring and developing a major limestone deposit underlying approximately 250 acres of land located adjacent to the main line of the Canadian National Railway 34 rail miles northwest of Metropolitan Toronto. In addition to the 250 acres owned by Limehouse, Limehouse holds options to purchase a further 165 acres of land contiguous to its present property and the Company holds an option on an additional 100 acres contiguous to this property. A plant is being constructed on the property owned by Limehouse for the production of crushed limestone aggregates.

Property

The Canadian National Railway right-of-way forms the property's northern boundary for about one half mile and is adjacent to the proposed plant, giving the Company the unique advantage of having the only limestone quarry on rail within a 34 mile radius of Toronto. The property is also readily accessible from highways 25 and 7 over about one mile of secondary roads. Furthermore as a result of air surveys and other investigations management is of the opinion that there are no other significant limestone deposits as close to Toronto on rail of a size sufficient to warrant commercial development.

Property Development

PREVIOUS WORKINGS

Some years ago, the property was worked to provide limestone for lime production. As a result, the quarry face has already been opened up over a distance of 1,200 feet and to a depth of about 35 feet. Because of this, there will be an estimated saving of about \$100,000 in development costs at this time.

DIAMOND DRILLING

During late 1959 and early 1960, a diamond drilling programme was carried on to find out the tonnage and quality of dolomitic limestone underlying the property. Twelve holes were drilled vertically at scattered locations, each representing 15 acres. A minimum estimate by F. C. Perry, P. Eng., an independent geologist, whose report is contained herein, indicated that, out of 250 acres, 180 acres are underlain by dolomite totalling over 40 million tons. Various tests indicate that practically all this tonnage is of top grade limestone falling well within the specifications of the Ontario Department of Highways for all types of aggregates and, in view of the quantity, an excellent source for the production of cement concrete and asphalt concrete aggregates. Substantial additional tonnage, estimated by management to be 30 million tons, is indicated on the 265 acres held under option.

SURFACE

A considerable amount of surface development was completed in 1961. At the plant site 20 acres were cleared and access roads from west and east property boundaries to the quarry and plant site were established in good condition.

Surface Plant Construction Programme

Barber-Greene Canada Ltd. has been retained by the Company to provide and install a crushing, screening, stockpiling and reclaiming plant. A primary crushing unit will have a capacity of approximately 2,000 tons per hour. Secondary and tertiary crushers and screens will have a minimum capacity of 900 tons per hour of dry material when producing aggregate passing a 2" clear square opening and with individual gradation of: 2" x 1½", 1½" x 1", 1" x ¾", ¾" x ⅝", ⅝" x ⅜", ⅜" x 0"; they are so designed that they may later be duplicated with a minimum of interference to production. Combined rail and truck loading facilities will have a capacity of 1,600 tons per hour. At each of the six screening stations, 200-ton storage bins will permit direct loading to transport trucks. Finished material from the stockpile may be automatically blended to the desired mixture and deposited in one of four, 20 feet by 40 feet, 400 ton bins located above the Company's railroad siding. A feature of the proposed plant is its complete control and simplicity of operations; it is designed to be operated with a minimum of personnel.

Limestone—Uses and Markets

In a general sense, limestone refers to sedimentary rock composed dominantly of carbonate materials—principally carbonates of calcium (calcite) or carbonates of magnesium (dolomite).

The most common uses for dolomitic limestone are:

- (1) Road aggregate—for (a) grade, (b) bituminous Macadam surfacing, (c) hot mix, hot-laid asphalt and (d) concrete pavement .
- 2) Concrete aggregate—for building trades
- 3) Railway ballast
- 4) Riprap (armour stone)—for breakwaters, etc.

As the above indicates, by far the largest part of limestone quarried in Canada—about 70% to 80%—is used in one form or another by the construction industry; greatest use is in road construction.

Because limestone is a heavy, low priced commodity that is expensive to transport over long distances, markets are local rather than national. Since its property is located on rail within 3½ miles of Toronto, the Company has the advantage of a favourable freight rate structure that places it in a strongly competitive position in Metropolitan Toronto, one of Canada's largest markets and an area of steadily expanding consumption of crushed rock aggregates.

Management

Management is under the direction of Mr. Frederick G. Gardiner, Q.C., of the law firm of Parkinson, Gardiner, Roberts, Anderson, Conlin & Fitzpatrick. Until his recent retirement, Mr. Gardiner was Chairman of the Council of Metropolitan Toronto for more than eight years. Mr. Gardiner is a director of a Canadian chartered bank and other prominent financial institutions and corporations including Canada Permanent Mortgage Corporation, Canada Permanent Toronto General Trust Company, and Rio Algom Mines Limited.

Mr. J. B. Regan, the general manager of the Company, has extensive operating and executive experience in the construction field and particularly in the production of sand and gravel aggregates. Mr. Regan has been successfully engaged in the sand and gravel business since 1946 and is the founder and president of John B. Regan Company Limited.

Capital Cost Estimate

To construct the surface plant referred to above a contract has been entered into with Barber-Greene Canada Ltd. covering the complete plant equipment and installation at the site, which contract includes all mechanical equipment, electrical controls (including construction and erection), plant lighting, transformer station (including transformer and sub-station controls), plant electrical grounding and engineering services for complete design and supervision of erection at a total cost of..... \$1,685,250

In addition, based on estimates by the Company, the following costs will be incurred, of which payment will be made by the delivery of crushed limestone aggregates to the value of \$100,870:

Rolling stock including shunting engine.....	\$ 546,885
Construction of railroad siding.....	123,512
Preparation of site and installation of hydro power from main transmission line to transformer station, construction of auxiliary buildings and fencing of property and purchase of miscellaneous tools and equipment.....	69,200
	<hr/>
	\$2,424,847

Purposes of Issue

The proceeds to the Company from the sale of \$2,400,000 principal amount of Series A Bonds and from the issue of 96,000 shares without par value in the capital of the Company being delivered by the Underwriters as a bonus to the purchasers of the Series A Bonds together with part of the proceeds to the Company from the sale of 320,000 shares without par value, amounting in the aggregate to \$2,323,000, will be utilized to create the Project Fund to provide funds for the completion of the Surface Plant Construction Program.

The balance of the proceeds to the Company from the sale of the 320,000 shares without par value, amounting to \$693,000, will be used for general corporate purposes including providing working capital for the Company's operations.

Estimated Income at Possible Levels of Production for One Production Year

The following statement of estimated income of the Company and its subsidiary, Limehouse Quarries Limited, has been prepared by the officers of the Company on the basis of estimated gross revenue at possible levels of production indicated and estimates of operating and other costs.

	500,000 tons	1,000,000 tons (000 omitted)	1,500,000 tons	2,000,000 tons
Gross revenue from sales.....	\$ 975	\$1,950	\$2,925	\$3,900
Cost of sales, operating and maintenance expenses.....	762	1,342	1,923	2,504
Gross profit before undernoted charges.....	\$ 213	\$ 608	\$1,002	\$1,396
Depreciation and depletion and amortization of debt discount and financing expenses.....	111	142	172	203
Profit before interest charges & income taxes.....	\$ 102	\$ 466	\$ 830	\$1,193
Interest on funded debt.....	156	156	156	156
Net profit (loss) before income taxes.....	\$ (54)	\$ 310	\$ 674	\$1,037
Provision for income tax.....	0	168	360	552
Reported income (Loss).....	<u>\$ (54)</u>	<u>\$ 142</u>	<u>\$ 314</u>	<u>\$ 485</u>

Capitalization

(after giving effect to present financing)

	<i>Authorized</i>	<i>Issued</i>
First Mortgage Bonds (Note 1)		
6½% First Mortgage Sinking Fund Bonds, Series A.....	\$2,400,000	\$2,400,000
Shares without par value.....	1,000,000 shares	716,000 shares

Note 1: The Trust Deed securing the First Mortgage Bonds of the Company does not impose any fixed limitation on the amount of Bonds issuable thereunder and provides that Additional Bonds may be issued from time to time thereunder subject to certain restrictions summarized under the heading "Issue of Additional Bonds" on page 10 hereof.

Project Fund

The Trust Deed will provide for the deposit by the Company with the Trustee, at the time of the delivery of the Series A Bonds, of cash in the amount of \$2,323,000. The cash so deposited will comprise the Project Fund, will form part of the specifically mortgaged premises and may be withdrawn, subject to certain provisions to be contained in the Trust Deed, from time to time to reimburse the Company for payment (including loans made to or payments made on behalf of Limehouse Quarries Limited) theretofore made on account of or to provide funds for all costs incurred or to be incurred by the Company or Limehouse Quarries Limited from and after May 8, 1962 in the completion of its Surface Plant Construction Programme (to be defined in the Trust Deed) including all costs and expenses reasonably incidental or ancillary thereto; provided that any amount remaining in the Project Fund after completion of the Surface Plant Construction Programme and not required for the foregoing purposes will be applied by the Trustee towards the retirement of the Series A Bonds by call for redemption at the principal amount thereof together with accrued interest to the date specified for redemption provided that such call need not be made if such amount is less than \$50,000 and in such case the amount remaining in the Project Fund may be used by the Trustee in purchasing for cancellation Series A Bonds at a price not exceeding the redemption price current at the time of purchase in respect of the Series A Bonds redeemed at the option of the Company plus accrued interest and costs of purchase.

CONSULTING ENGINEER'S REPORT
Report on Limehouse Quarries Limited
Dolomite Property
Esquesing Twp., Halton County

Prepared for:
Limehouse Quarries Limited,
Toronto, Ontario.

Prepared by:
F. C. Perry, P.Eng.,
Consulting Geologist,
P.O. Box 494,
Blind River, Ontario.

PROPERTY AND LOCATION

The property consists of approximately 250 acres of those parts of Lots 23 and 24, Concession 4, Esquesing Twp. enclosed within the following boundaries:

- The Canadian National Railway
- The 3rd and 4th Esquesing Twp. Concession Roads
- The 22nd and 23rd (Deviated) Esquesing Twp. Sideroads

Location of the holdings is one mile south-east of the Town of Acton.

Access to the property is provided over one mile of secondary road, from either Highway 25 or Highway 7.

PHYSICAL FEATURES

The Niagara Escarpment traverses the property from east to west, parallel to, and south of the railway, dividing the property into two levels of 75 foot elevation difference. Twelve hundred feet of its length stands as an old quarry face of 35 feet in height.

Between the railway and the scarp, a sandy gravel hill is located in the eastern portion of the property.

Most of the area above the scarp is cleared farmland with only approximately 25 acres being timber covered.

Natural drainage is to the lowest level below the escarpment and the old quarry floor is dry.

Ample power is available from existing lines along Highway 7 one mile north of the holdings, and a natural gas line crosses the property adjacent to the railway.

HISTORY

The property was originally operated as a lime producing pit under the name Dolly Varden but ceased operations in the 1930's. Subsequent to the close of this operation it has at various times been under option to Gypsum Lime & Alabastine, Temiskaming Inspiration Ltd., and Rochester & Pittsburgh Coal Co. (Canada) Ltd. The Company acquired the property by purchase in the early months of 1961. There are no royalties payable.

GEOLOGY

The Geological section at the property is as follows:

Overburden	0-15 feet thick
Amabel Dolomite Formation	40-93 feet thick
Reynales Dolomite Formation	6-10 feet thick
Clinton-Cataract Shales	9 ft. cut in D.D.H.S.

The Amabel Dolomite is the rock of economic interest, and as seen in the diamond drill cores is a fossiliferous medium to light gray to creamy coloured, medium to coarsely crystalline dolomite.

An upper layer of the Amabel Dolomite, largely composed of crinoid stems and other fossils occurs over the southern part of the property.

The Reynales formation is a thinly interbedded shale and limestone. This formation commonly forms the floor of the quarries in nearby operations.

Strike of the Amabel is locally east-west and the dip is only slight to the south.

Bedding in the Amabel is medium to thick, with typically tight, vertical jointing occurring.

DEVELOPMENT

Surface:

Some 20 acres have been cleared below the escarpment adjacent to the railway at the proposed plant site.

Approximately 5 acres above the lip of the old quarry have been cleared of brush and small trees.

Approximately 15,000 cubic yards of fill have been moved, in levelling off at the plant site.

Quarry and plant site access roads have been established in good condition from the west and east property boundaries.

DIAMOND DRILLING

During the winter of 1959-1960, twelve vertical BXT diamond drill holes were drilled to test the complete thickness of the Amabel as it occurs on the property. This was during the time the ground was under option to Rochester & Pittsburgh Coal Co. (Canada) Ltd., and the programme was under the supervision of the writer. Hole locations were such to give approximately equal areas of representation of the 180 acres total that is located above the escarpment.

QUALITY

Complete cores tested from 11 of the holes passed all specifications for best (HL-3) grade aggregate dolomite. Core from D.D.H.-1 was marginal for HL-3 grade. The top 42 feet and 27 feet respectively were not tested in D.D.H.S. 1 and 2.

TONNAGE

Overburden averaged 5.0 feet

Average specific gravity—2.86

Average thickness of the dolomite—64.25 feet.

Taking each D.D.H. to represent 15 acres in area, a total tonnage of 42.1 million tons was calculated to underlay the property.

CONCLUSIONS

1. Diamond drilling has indicated a tonnage of over 40 million tons of Amabel dolomite, to underlay the property.
2. Quality of the rock has been similarly indicated, to be suitable for all its projected uses.
3. It is considered, that sufficient work has been done to indicate the quality and tonnage with a reasonable degree of accuracy, and that the exploration phase is complete.
4. The property is competitively located with regard to existing operations. It has the added advantage of being located on rail, and of being able to ship by this means, when such is advantageous.
5. There is a steadily expanding consumption of crushed rock aggregate, in the area.
6. With attention to all factors, it is considered that a carefully engineered and situated, large tonnage, low unit cost plant, located on the property, could produce aggregate for a profitable operation.

Respectfully submitted,

At Blind River, Ontario,
April 12, 1962.

F. C. PERRY, P.Eng.,
Consulting Geologist.

CERTIFICATE

I, F. C. Perry, of Blind River, Ontario, Canada, hereby certify:

1. That my address is Box 494, Blind River, Ontario.
2. That my occupation is that of Consulting Engineer.
3. That I am a graduate of the University of Toronto, of the Faculty of Applied Science and Engineering, in the course of Mining Geology.
4. That I have no direct or indirect interest whatsoever, nor do I expect to receive any, in the property of Linchouse Quarries Limited or in the securities thereof.
5. That this report is based on a personal knowledge gained on the property during diamond drilling in December, 1959 and January, 1960, and on a visit to the property on February 19, 1962.
6. That I am a member of the Association of Professional Engineers of the Province of Ontario.

At Blind River, Ontario,
this 12th day of April, 1962.

F. C. PERRY, P.Eng.,
Consulting Geologist.

Security

The \$2,400,000 aggregate principal amount of 6½% First Mortgage Sinking Fund Bonds Series A (herein called the "Series A Bonds") of the Company offered by this prospectus will be direct obligations of the Company and will be issued pursuant to a Deed of Trust and Mortgage (hereinafter referred to as the "Trust Deed") to be dated as of May 15, 1962 and to be entered into between the Company and Canada Permanent Toronto General Trust Company, as Trustee. The Series A Bonds will, in the opinion of counsel, be secured by:

- (a) a first fixed and specific mortgage, hypothec, pledge or charge of and upon
 - (i) all the outstanding shares (other than directors' qualifying shares) of Limehouse Quarries Limited,
 - (ii) all amounts and securities from time to time comprising the Project Fund hereinafter referred to; and
- (b) a first floating charge under the laws of the Province of Ontario upon all other present and future property and assets of the Company and upon its undertaking.

Limehouse Quarries Limited will enter into an Agreement of Guarantee with the Trustee to be dated as of May 15, 1962 pursuant to which it will guarantee unconditionally the due and punctual payment of the principal of and premium, if any, and interest on the Bonds from time to time outstanding under the Trust Deed and all other payments from time to time required to be made by the Company under the terms of the Trust Deed. The due and punctual performance of the obligations of Limehouse Quarries Limited under the Agreement of Guarantee will, in the opinion of counsel, be secured by;

- (a) a first fixed and specific mortgage, hypothec, pledge or charge of and upon all the real and immovable freehold and leasehold properties (excluding the last day of any term) and rights and interests therein now owned by Limehouse Quarries Limited; and
- (b) a first floating charge under the laws of the Province of Ontario upon all the other present and future property and assets of Limehouse Quarries Limited and upon its undertaking.

The first fixed and specific mortgages, hypothecs, pledges or charges above mentioned are to be expressed to be applicable to all real and immovable freehold and leasehold properties (excluding the last day of any term) and rights and interest therein hereafter acquired by the Company or Limehouse Quarries Limited as the case may be.

The first fixed and specific mortgages, hypothecs, pledges or charges above mentioned are subject to permitted encumbrances and minor title defects and to the right of the Company and any Restricted Subsidiary to deal with the production of rock, sand and gravel and the proceeds therefrom in the ordinary course of business and for the purpose of carrying on the same free of such fixed or floating mortgages, hypothecs, pledges or charges, until the security constituted by the Trust Deed or any Agreement of Guarantee shall have become enforceable and the Trustee shall have determined or become bound to enforce the same.

The Trust Deed and every Agreement of Guarantee will provide that the floating charge therein contained shall in no way hinder or prevent the Company or any Restricted Subsidiary at any time or from time to time (until the security constituted by the Trust Deed or any Agreement of Guarantee shall have become enforceable and the Trustee shall have determined or become bound to enforce the same) from

- (a) pledging, selling, alienating, leasing, assigning, mortgaging, hypothecating, charging or otherwise disposing of or dealing with the subject matters of any such floating charge in the ordinary course of business and for the purpose of carrying on the same; or
- (b) pledging, assigning or giving security or securities (whether by way of floating charge or otherwise) upon the subject matters (except fixed assets) of any such floating charge, and to rank in priority thereto, to any bank or banks or others under The Bank Act (Canada) or otherwise, in the ordinary course of business for present or future debts or liabilities of the Company to such bank or banks or to such others (provided that such debts or liabilities do not constitute funded obligations).

Neither the Trust Deed nor any Agreement of Guarantee will hinder or prevent the Company or any Restricted Subsidiary from giving or assuming Purchase Money Obligations.

The Trust Deed and every Agreement of Guarantee will contain provisions entitling the Company and its Restricted Subsidiaries to obtain the release from the specific mortgage, hypothec, pledge or charge of property subject thereto upon compliance with provisions to be contained in the Trust Deed and the Agreement of Guarantee which in general will require the substitution therefor of other property having at least equal value or the deposit with the Trustee of all proceeds of sale of the property so released to be applied from time to time on the direction of the Company either in whole or in part (a) to reimburse the Company to the extent of the cost of the Property Additions or (b) to purchase or redeem First Mortgage Bonds for cancellation. The Trust Deed will also contain other provisions enabling the Trustee in its discretion to concur in the release of or other dealing with the mortgaged premises which are not, in its opinion, prejudicial to the bondholders.

The Trust Deed and every Agreement of Guarantee will provide that the Company and its Restricted Subsidiaries may without the consent of the Trustee sell or transfer any part of the property subject to the first fixed and specific mortgage, hypothec, pledge or charge thereof to or among themselves provided that such property shall remain subject to a first fixed and specific mortgage, hypothec, pledge or charge to and in favour of the Trustee for the benefit of the holders of the Bonds.

Certain Covenants

The Company will covenant in the Trust Deed substantially to the effect that, so long as any of the Series A Bonds are outstanding:

- (a) it will not permit any Restricted Subsidiary to create, incur, assume, guarantee or have outstanding any indebtedness, except indebtedness to or of the Company or to a trustee in support of a guarantee of indebtedness of the Company, provided that such covenant shall not apply to (i) Purchase Money Obligations or (ii) indebtedness incurred in the ordinary course of business and for the purpose of carrying on the same, to any bank or banks or any other person, firm or corporation, repayable on demand or maturing, including any right of extension or renewal, within 18 months of the date when such indebtedness is incurred, provided such indebtedness is not secured on fixed assets;
- (b) it will not dispose of any indebtedness of a Restricted Subsidiary held by or for the Company;
- (c) it will not permit any Restricted Subsidiary to issue any shares except to the Company;
- (d) it will not create or issue any series of Additional Bonds maturing earlier than May 15, 1982, except Bonds maturing serially;
- (e) the aggregate amount payable by way of serial maturities and/or mandatory sinking fund payments (which in the case of a sinking fund payment to retire a specified principal amount shall for the purposes of this clause be deemed to be the principal amount so to be redeemed) in any year in respect of any issue of Additional Bonds shall not bear a higher ratio to the aggregate principal amount of the Additional Bonds of such issue than the ratio borne by \$144,000 to the principal amount of Series A Bonds outstanding at the date of issue of such Additional Bonds unless the annual mandatory sinking fund payments in respect of the Series A Bonds are increased to the extent necessary to insure that in such year such payments will bear the same ratio to the principal amount of Series A Bonds outstanding at the date of issue of such Additional Bonds as the aggregate amount payable by way of serial maturities and/or mandatory sinking fund payments in respect of the Additional Bonds of such issue in such year is of the aggregate principal amount of the Additional Bonds of such issue;
- (f) it will not declare or pay cash dividends on any of its shares at any time outstanding, or redeem, reduce, purchase or retire any of its shares at any time outstanding (except out of the proceeds of an issue of its shares made prior to, or concurrently with, any such redemption, reduction, purchase or retirement, or except in exchange for any of its shares) or any Funded Obligations (except at maturity or by way of mandatory retirement provision or for the purpose of refunding such Funded Obligations) unless immediately after giving effect thereto:
 - (i) the Consolidated Net Current Assets of the Company and its Restricted Subsidiaries shall be not less than \$500,000; and
 - (ii) the aggregate of the Capital of the Company and of the Consolidated Earned Surplus of the Company and its Restricted Subsidiaries shall be not less than an amount equal to seventy per

cent (70%) of the principal amount of all Funded Obligations of the Company and its Restricted Subsidiaries then outstanding.

- (g) it will not create or assume any mortgage, hypothec, charge, pledge, lien or other encumbrance upon any of its assets or undertaking ranking or purporting to rank in priority to or pari passu with the security to be created under the Trust Deed except as hereinafter referred to or as permitted by subparagraph (b) of the fifth paragraph under the heading "Security" and except minor title defects and permitted encumbrances;
- (h) it will not issue any Additional Bonds under the Trust Deed or issue or become liable on any other Funded Obligations unless:
 - (i) the average annual Consolidated Net Earnings of the Company and its then Restricted Subsidiaries for either, the two completed fiscal years, or any 24 consecutive calendar months out of the 36 calendar months, next preceding such issue or next preceding the Company so becoming liable, as the case may be, shall have been at least equal to four times the aggregate annual interest requirements of all Consolidated Funded Obligations of the Company and its Restricted Subsidiaries to be outstanding immediately after such issue or immediately after the Company so becoming liable, as the case may be;
 - (ii) the Consolidated Net Earnings of the Company and its Restricted Subsidiaries for either, the last completed fiscal year, or any 12 consecutive calendar months out of the 18 calendar months, next preceding such issue or next preceding the Company so becoming liable, as the case may be, shall have been at least equal to three times the aggregate annual interest requirements of all Consolidated Funded Obligations of the Company and its Restricted Subsidiaries to be outstanding immediately after such issue or immediately after the Company so becoming liable, as the case may be; and
 - (iii) the Consolidated Net Tangible Assets of the Company and its Restricted Subsidiaries shall be equal to at least two and one-half times the principal amount of all Consolidated Funded Obligations of the Company and its Restricted Subsidiaries to be outstanding immediately after such issue or immediately after the Company so becoming liable, as the case may be.

Provided that, for all purposes of the Trust Deed, any Funded Obligations outstanding at the time of any such issue or of the Company becoming liable which are to be retired within one week following such time and all moneys required to retire which Funded Obligations are paid to the Trustee at such time or the payment of which moneys is provided for to the satisfaction of the Trustee at such time shall be deemed not to be outstanding immediately after such issue or immediately after the Company so becoming liable, as the case may be.

Issue of Additional Bonds

The Trust Deed will provide for the issue of additional Bonds (herein called "Additional Bonds") without limitation as to aggregate principal amount except that Additional Bonds shall only be issued to a principal amount not exceeding 60% of the cost or Fair Value (at the time of application for certification of the Additional Bonds), whichever is less, of Property Additions acquired after May 8, 1962 by the Company and its present Restricted Subsidiary or Property Additions whenever acquired of any other Restricted Subsidiary.

The Trust Deed will provide also for the issue of Additional Bonds in anticipation of the acquisition thereafter of Property Additions by the Company or a Restricted Subsidiary if an amount equal to the principal amount of such Bonds is deposited with the Trustee to be paid out from time to time to the extent of 60% of the sums from time to time paid on account of the cost of such Property Additions.

The Trust Deed will provide also for the issue of Additional Bonds to a principal amount not exceeding the principal amount then outstanding of the Bonds of any series previously issued, the whole of which series has then been called for redemption, such Additional Bonds to be issuable for such purpose without compliance with the above requirements relating to Property Additions and Consolidated Net Earnings and Consolidated Net Tangible Assets and no Property Additions shall be deemed to have been used as the basis for such refunding issue.

Subject to the foregoing covenants and provisions the Trust Deed will provide that Additional Bonds may be issued in one or more series, bearing interest at such rate or rates, payable as to principal or interest or both in such one or more currencies at such rate or rates of exchange, bearing such date or dates, maturing in such year or years, redeemable before maturity at such time or times with or without payment of a premium, secured by such sinking fund or sinking funds or without any sinking fund and subject to such rights of purchase by the Company and to such other conditions, all as shall be determined by resolution of the Directors passed at or prior to the issue thereof, but all Bonds at any time issued under the Trust Deed will rank *pari passu* and be equally and ratably secured under the Trust Deed, except as to sinking funds pertaining exclusively to any particular series of Bonds.

Definitions

The Trust Deed will contain definitions, among others, substantially as follows:

“Restricted Subsidiary” means (a) Limehouse Quarries Limited so long as all the outstanding capital stock of said company (other than directors’ qualifying shares) continue to be owned by the Company and to be subject to the lien of the Trust Deed as part of the specifically mortgaged premises thereunder; and (b) any other corporation, company or organization, all the outstanding capital stock of which (other than directors’ qualifying shares) is owned by the Company, provided that the Company shall have, by resolution of its directors, designated such other corporation, company or organization as a Restricted Subsidiary and shall have subjected all the capital stock thereof so owned by the Company to the lien of the Trust Deed as part of the specifically mortgaged premises thereunder, and all such outstanding capital stock is still owned by the Company and subject to such lien as part of the specifically mortgaged premises.

“Purchase Money Obligations” means any mortgages, hypothecs, charges, vendors privileges, vendors liens, or other encumbrances upon property, given or assumed or arising by operation of law, to provide or secure the whole or any part of the consideration for the acquisition of such property and includes renewals, refundings and extensions not in excess of the principal amount thereof immediately prior to such renewal, refunding or extension.

“Property Additions” means and includes the following property owned by the Company or a Restricted Subsidiary; (a) all real and immovable property including (without limitation) lands, buildings, and other erections, and all easements, licences, privileges, benefits and other rights or interests of any kind or nature whatsoever in or in respect of real and immovable property; (b) all plant, machinery, equipment, fixtures and apparatus of a fixed or permanent nature; and (c) all additions and improvements of a permanent nature to or of any property of such nature; but shall not mean or include:

- (i) property acquired by the Company or a Restricted Subsidiary in the completion of the Surface Plant Construction Programme;
- (ii) property installed or erected on leasehold lands held under lease for a term (including rights of renewal) which expires earlier than three years after the last maturity of any series of Additional Bonds to be issued on the basis of such property unless there is a right to remove such property from the said lands and the same is removable without substantially destroying the value thereof, or unless, if such property may not be so removed, the Company or such Restricted Subsidiary, as the case may be, shall be entitled to receive upon the termination of the term of such lease such sum in compensation therefor as such property upon such leasehold lands shall then be worth;
- (iii) maintenance, repairs or other expenditures of a nature not properly chargeable to capital account;
- (iv) property to the extent that it shall have been used as the basis for release of any property or the issue of any Additional Bonds or the withdrawal of any moneys from the Trustee under any provisions of the Trust Deed or which shall have been purchased or acquired with any insurance money or proceeds of any property released by the Trustee;
- (v) renewals, replacements or substitutions except to the extent that the actual cost thereof to the Company or such Restricted Subsidiary or the Fair Value thereof, whichever is less, exceeds the amount realized for the property renewed or replaced or for which such substitution was made, as the case may be;

- (vi) property owned by the Company unless, in the opinion of Counsel, such property shall have been validly and effectively subjected to the first fixed and specific mortgage, hypothec, pledge or charge of the Trust Deed and be free from any other lien, charge or encumbrance other than Purchase Money Obligations, permitted encumbrances and minor title defects;
- (vii) property owned by a Restricted Subsidiary unless, in the opinion of Counsel, such Restricted Subsidiary shall have validly and effectively guaranteed to the Trustee the performance by the Company of all the Company's obligations under the Trust Deed and shall have supported such guarantee by a valid and effective first fixed and specific mortgage, hypothec, pledge or charge and a first floating charge, respectively upon the like property (then owned or which may thereafter be owned) of such Restricted Subsidiary as the property of the Company charged by the Trust Deed and in the same terms and with like exceptions (all mutatis mutandis) as those of the Trust Deed, all to be contained in an Agreement of Guarantee, in a form substantially similar to a form to be set out in a schedule to the Trust Deed, which shall be entered into by such Restricted Subsidiary in favour of the Trustee.

"Fair Value" or "value" or expressions of like import as applied to any property for any purpose of the Trust Deed shall mean the fair value of such property to the Company or to a Restricted Subsidiary (as the case may be) at the pertinent time, taking into consideration its usefulness to the Company or such Restricted Subsidiary, but not exceeding, in any event, the fair physical replacement value thereof after reasonable allowance for depreciation as at a date not more than 90 days prior to the pertinent date.

"Consolidated Net Current Assets" means the excess of current assets over current liabilities (exclusive of any deferred income tax liability or accumulated tax reduction) computed from a consolidated balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with generally accepted accounting principles and reported upon by the auditors of the company without, in their opinion, material adverse qualifications.

"Consolidated Net Earnings" means the aggregate excess of (i) the gross earnings of the Company and its Restricted Subsidiaries and dividends (other than stock dividends) received from other companies, interest, revenues and other income derived from all sources (exclusive of profits on the disposal or loss of fixed assets and investments and similar non-recurring items) over (ii) all administration, selling, development and operating expenses of every character in connection therewith (exclusive of losses on the disposal or loss of fixed assets and investments and similar non-recurring items, and exclusive of amortization of debt premium, discount and expense), including, but without limiting the generality of the foregoing, insurance premiums, interest (other than interest on Funded Obligations), rentals, fees, payments for licenses, provision for normal depreciation and taxes (other than income and profit taxes); all as determined on a consolidated basis in accordance with generally accepted accounting principles and reported upon by the auditors of the Company without, in their opinion, material adverse qualifications.

"Funded Obligations" means an indebtedness, whether by way of bonds (including the Bonds) debentures, debenture stock, notes or otherwise, whether secured or unsecured, the due date of payment of which, including any right of extension or renewal, is 18 months or more after the date of issue or incurring thereof but does not include Purchase Money Obligations.

"Consolidated Net Tangible Assets" of the Company and its Restricted Subsidiaries means the excess of the total of the Tangible Assets over the total of the Liabilities of the Company and its Restricted Subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting principles.

"Tangible Assets" means all current assets and lands, buildings, plant, equipment and all other physical assets and all investments (including notes receivable) and the refundable portion of any taxes of the Company and its Restricted Subsidiaries. The value of such assets shall be determined in the case of lands, buildings, plant, equipment and other physical assets owned on May 8, 1962 by its then Restricted Subsidiary by the values shown in the audited consolidated balance sheet of the Company and its Restricted Subsidiary as at May 8, 1962 (less subsequent depreciation and depletion) and in the case of any lands, buildings, plant, equipment and other physical assets acquired after May 8, 1962 by the Company or by any Restricted Subsidiary at the cost thereof less depreciation and depletion. In the case of any company

which becomes a Restricted Subsidiary after May 8, 1962 the value of the lands, buildings, plant, equipment and other physical assets of such Restricted Subsidiary shall in the case of the first determination of the value thereof be determined by an appraiser appointed by the directors and approved by the Trustee and thereafter the value of the lands, buildings, plant, equipment and other physical assets of such Restricted Subsidiary shall be the values of such assets determined by such appraiser less subsequent depreciation and depletion and in the case of any lands, buildings, plant, equipment and other physical assets acquired by such Restricted Subsidiary after such appraisal the cost thereof less depreciation and depletion.

"Liabilities" means all current and other liabilities (including any deferred income tax liability or accumulated tax reduction) of the Company and its Restricted Subsidiaries other than liability for capital stock, surplus or reserves (to the extent not required to be treated as liabilities in accordance with generally accepted accounting principles) and other than liabilities in respect of the principal, premium (if any) and sinking fund instalments (if any) in respect of any Funded Obligations. Contingent liabilities shall likewise be excluded except to such extent (if any) as the directors in their discretion shall determine that special provision should be made in the accounts for meeting such contingent liabilities.

"Capital of the Company" means the paid-up share capital of the Company as shown by the books of the Company.

"Consolidated Earned Surplus" of the Company and its Restricted Subsidiaries means the consolidated net earnings available for dividends of the Company and its Subsidiaries. Consolidated net earnings available for dividends of the Company and its Restricted Subsidiaries means the consolidated net earnings calculated as above provided except that in calculating consolidated net earnings available for dividends, taxes on income and interest on funded obligations shall be deducted as operating charges and expenses and there shall be deducted all dividends declared and or paid (other than in shares of the Company's capital stock) on all shares of all classes of the Company's capital stock, all premiums paid on the redemption of shares of the Company's capital stock and all other items which in accordance with generally accepted accounting principles are properly included in determining profits and/or earned surplus.

"Consolidated Net Earnings available for Sinking Fund" means the aggregate excess of (i) the gross earnings of the Company and its Subsidiaries and dividends (other than stock dividends) received from other companies, interest, revenues and other income derived from all sources (exclusive of profits on the disposal or loss of fixed assets and investments and similar non-recurring items) over (ii) all administration, selling, development and operating expenses of every character in connection therewith (exclusive of losses on the disposal or loss of fixed assets and investments and similar non-recurring items, and exclusive of amortization of debt premium, discount and expense, and exclusive of any provision for depreciation or depletion) including, but without limiting the generality of the foregoing, insurance premiums, interest, rentals, fees, payments for licenses and taxes (including appropriate provision for income and profit taxes); all as determined on a consolidated basis in accordance with generally accepted accounting principles and reported upon by the auditors of the Company without, in their opinion, material adverse qualifications.

"Subsidiary" as used herein means (a) any corporation or company of which all the outstanding shares of each class of shares in its capital stock are for the time being owned by or held for the Company and/or any other corporation or company in like relation to the Company and includes any corporation or company in like relation to a Subsidiary; and (b) any corporation or company of which more than fifty per cent (50%) of the outstanding voting stock or shares are for the time being owned by or held for the Company and/or any Subsidiary of the Company if but only if the directors of the Company by resolution determine that such corporation or company shall be deemed to be a subsidiary of the Company and only so long as more than fifty per cent (50%) of the outstanding voting stock or shares of such corporation or company are owned by or held for the Company and/or any subsidiary of the Company. Any such resolution shall not be revocable and shall be conclusive and binding upon all parties in interest. "Voting stock or shares" as used in this definition means stock or shares of any class carrying voting rights but shall not include stock or shares of any class carrying limited voting rights or carrying voting rights by reason of the happening of any contingency whether or not such contingency shall have happened. If by reason of any such resolution any corporation or company (hereinafter called a "deemed Subsidiary") is deemed to be a Subsidiary of the Company then any corporation or company of which more than fifty per cent (50%) of the outstanding voting stock or shares are or shall at any time be owned by or held for a deemed Subsidiary and/or any

other corporation or company in like relation to a deemed Subsidiary shall be deemed to be a Subsidiary of the Company and any other corporation or company in like relation to such a corporation or company shall also be deemed to be a Subsidiary of the Company.

“Surface Plant Construction Programme” means the programme presently being undertaken by the Company and its present Restricted Subsidiary on the property owned by its present Restricted Subsidiary being part of lots 23 and 24 Concession IV, Esquesing Township, County of Halton for the purpose of producing crushed limestone aggregates, sand and gravel, which programme includes the construction of a primary gyratory crusher with a normal capacity of 2,000 tons per hour, a secondary and tertiary crushing and screening plant with a minimum capacity of 900 tons per hour and a combination rail and truck loading facility with a capacity of 1,600 tons per hour (all in accordance with and as described in a contract made between Barber-Greene Canada Ltd., the Company and Limehouse Quarries Limited, site preparation for the provision of necessary rolling stock to operate the said plant, the construction of a railroad siding into the said plant and including such other expenditures which, in the opinion of an engineer certifying the said expenditures for the purposes of obtaining the release of funds from the Project Fund, are necessary for the aforesaid purposes.

Redemption

The Series A Bonds will be redeemable otherwise than out of sinking fund moneys at the option of the Company in whole at any time or in part from time to time after September 15, 1962 on not less than thirty days' notice at the principal amount thereof plus a premium of $6\frac{1}{2}\%$ of the principal amount thereof if redeemed on or before May 15, 1963 and thereafter the said premium decreasing by $\frac{2}{5}$ of 1% of the principal amount thereof for each year commenced or elapsed from May 15, 1963 to the date specified for redemption up to and including May 15, 1979 and thereafter and prior to maturity at the principal amount thereof, together in each case with accrued interest to the date specified for redemption. Notwithstanding the foregoing, the Series A Bonds may not be redeemed prior to May 15, 1972 directly or indirectly as part of, or in anticipation of, any refunding operation involving the incurring of indebtedness which has a net interest cost to the Company, computed in accordance with generally accepted financial practice, of $6\frac{1}{2}\%$ per annum or less.

Sinking Fund

The Company will covenant in the Trust Deed to pay to the Trustee, as and by way of a sinking fund for the Series A Bonds:

- (i) on May 15 in each of the years 1963 to 1965 inclusive, an amount equal to 20% of the Consolidated Net Earnings available for Sinking Fund of the Company and its subsidiaries; and
- (ii) on May 15 in each of the years 1966 to 1981 inclusive an amount equal to 20% of the Consolidated Net Earnings available for Sinking Fund of the Company and its subsidiaries, or an amount sufficient to retire \$141,000 principal amount of Series A Bonds, whichever is the greater.

Series A Bonds will be redeemable out of sinking fund moneys at the principal amount thereof together with accrued interest to the date specified for redemption. The Company will have the right to purchase Series A Bonds in the market or by private contract at prices not exceeding the redemption price in effect at the time of purchase for Series A Bonds redeemed otherwise than out of sinking fund moneys plus accrued interest and costs of purchase. All Series A Bonds purchased or redeemed otherwise than out of sinking fund moneys shall notwithstanding the cancellation thereof, be available to the Company as a sinking fund credit which at the election of the Company may be applied (to the extent not theretofore applied) in amounts of \$1,000 or multiples thereof in whole or in part against required sinking fund payments payable thereafter.

Series A Bonds redeemed or purchased are to be cancelled and not re-issued.

Acton Limestone Quarries Limited
(Incorporated under the laws of the Province of Ontario)
and its wholly-owned subsidiary
Limehouse Quarries Limited

Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at May 8, 1962

The pro forma consolidated balance sheet gives effect to the following:

- (a) The issue and sale of \$2,400,000 principal amount of 6½% First Mortgage Sinking Fund Bonds, Series A and 416,000 shares without par value for a total consideration to the Company of \$3,016,000;
- (b) The payment of expenses of incorporation of the Company and expenses in connection with the above, estimated at \$51,000;
- (c) The payment to the Trustee under the Trust Deed relating to the Series A Bonds of an amount in cash of \$2,323,000 to be retained by the Trustee in an account known as the Project Fund from which amounts may be withdrawn from time to time by the Company for the purposes to be set forth in the Trust Deed.

	ASSETS	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
CURRENT:			
Cash		\$ 13	\$ 642,013
Project Fund			2,323,000
FIXED:			
Lands, at cost (Note 1)	\$301,289		
Options to purchase lands at cost (Note 2)	1,500	302,789	302,789
DEFERRED CHARGES		12,027	12,027
INCORPORATION EXPENSES		1,016	2,016
BOND DISCOUNT AND FINANCING EXPENSES:			
Bond discount	\$120,000		
Portion of bond price applied to pay up 96,000 shares without par value being offered as a bonus with Series A Bonds	220,800		
Expenses of issue	50,000		390,800
EXCESS OF VALUE ATTRIBUTED TO SHARES OF SUBSIDIARY OVER NET BOOK VALUE OF UNDERLYING ASSETS		434,155	434,155
		<u>\$ 750,000</u>	<u>\$4,106,800</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES:			
6½% First Mortgage Redeemable Sinking Fund Bonds, Series A, due May 15, 1982			\$2,400,000
SHAREHOLDERS' EQUITY:			
Authorized: 1,000,000 shares without par value			
Issued: 300,000 shares, of which 5 shares were issued for cash, and 299,995 shares were issued for shares of subsidiary ..	\$ 750,000		750,000
416,000 shares, issued for cash			956,800
	<u>\$ 750,000</u>		<u>\$4,106,800</u>

Approved on behalf of the Board:

F. G. GARDINER, Director

JOHN B. REGAN, Director

Acton Limestone Quarries Limited
(Incorporated under the laws of the Province of Ontario)
and its wholly-owned subsidiary
Limehouse Quarries Limited

Notes to Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet

1. Cost includes legal fees and disbursements paid in connection with the acquisition of lands.
2. Limehouse Quarries Limited has acquired 3 irrevocable options covering an aggregate of 265 acres. One option to purchase 100 acres at a price of \$30,000 is exercisable on or before September 1, 1964; one option to purchase 100 acres at a price of \$75,000 is exercisable on or before August 1, 1963; one option to purchase 65 acres at a price of \$9,000 is exercisable on or before September 19, 1962. Limehouse Quarries Limited paid \$500 in consideration of each option which option price is to be credited against the purchase price in each case.
3. The Company was incorporated on April 2, 1962 and Limehouse Quarries Limited was incorporated on December 22, 1960; neither the Company nor its subsidiary has any earnings, to date.
4. The Company estimates that the cost of bringing the properties to the point of production will be approximately \$2,424,847 and a contract has been entered into with Barber-Greene Canada Ltd. for the construction of a major portion of the plant at a cost of \$1,685,250.

**Consolidated Statement of Deferred Charges for the Period from Incorporation of
Limehouse Quarries Limited, December 22, 1960, to May 8, 1962.**

DEVELOPMENT

Market Report.....	\$1,000	
Grading of site and construction of access roads.....	8,074	
Geologist's Fees.....	1,500	
Machinery Rentals.....	314	
Real Property Taxes.....	210	
	<hr/>	\$11,098

GENERAL & ADMINISTRATIVE

Insurance.....	\$ 139	
Travel.....	294	
Business Tax & Filing Fees.....	225	
Bank Interest.....	100	
Sundry.....	171	
	<hr/>	929
		<hr/> <hr/>
		\$12,027

Auditors' Report

TO THE DIRECTORS, ACTON LIMESTONE QUARRIES LIMITED

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Acton Limestone Quarries Limited and its wholly-owned subsidiary, Limehouse Quarries Limited, as at May 8, 1962 and the consolidated statement of deferred charges for the period from incorporation of Limehouse Quarries Limited, December 22, 1960, to May 8, 1962. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and consolidated statement of deferred charges present fairly the financial position of the companies as at May 8, 1962 and the accompanying pro-forma consolidated balance sheet presents fairly the financial position of the companies as at the same date after giving effect as at that date to the changes set forth in the heading thereto, both in accordance with generally accepted accounting principles.

Toronto, Canada,
May 9, 1962.

(Signed) CLARKSON, GORDON & Co.
Chartered Accountants.

STATUTORY INFORMATION

(1) The full name of the Company is Acton Limestone Quarries Limited (hereinafter referred to as the "Company"). The head office of the Company is located at 330 Bay Street, Toronto 1, Ontario.

(2) The Company was incorporated under the laws of the Province of Ontario by letters patent dated April 2, 1962.

(3) The names in full, present occupations and home addresses in full of the directors and officers of the Company are as follows:

Directors

JOHN JAMES FITZPATRICK, Q.C.....	Solicitor.....	210 Inglewood Drive, Toronto, Ontario
FREDERICK GOLDWIN GARDINER, Q.C.....	Solicitor.....	130 Old Forest Hill Rd., Toronto, Ontario
JOHN DONALD MINGAY.....	Executive.....	237 Rosedale Heights Dr. Toronto, Ontario
JOHN BARTHOLOMEW REGAN.....	Contractor.....	3 Alderbrook Drive, Don Mills, Ontario
GEORGE MURRISON WILSON.....	Investment Dealer.....	12 Killdeer Crescent, Toronto, Ontario

Officers

FREDERICK GOLDWIN GARDINER, Q.C.....	President.....	130 Old Forest Hill Rd., Toronto, Ontario
JOHN BARTHOLOMEW REGAN.....	Vice-President and General Manager	3 Alderbrook Drive, Don Mills, Ontario
JOHN DONALD MINGAY.....	Vice-President.....	237 Rosedale Heights Dr. Toronto, Ontario
JOHN JAMES FITZPATRICK, Q.C.....	Secretary-Treasurer.....	210 Inglewood Drive, Toronto, Ontario

John Bartholomew Regan could be considered as the promoter.

(4) Clarkson, Gordon & Co., Chartered Accountants, 15 Wellington Street West, Toronto, Ontario, are the auditors of the Company.

(5) Canada Permanent Toronto General Trust Company at its offices in the Cities of Montreal, Toronto, Winnipeg and Vancouver is the Transfer Agent and Registrar for the shares without par value in the capital of the Company. Canada Permanent Toronto General Trust Company will be the Trustee under the Trust Deed pursuant to which the Series A Bonds hereinafter referred to will be issued and registers upon which coupon Series A Bonds may be registered as to principal and upon which fully registered Series A Bonds shall be registered as to principal and interest and upon which transfers of Bonds so registered shall be recorded will be kept by the said Canada Permanent Toronto General Trust Company at its offices in Montreal, Toronto, Winnipeg and Vancouver.

(6) The authorized capital of the Company consists of 1,000,000 shares without par value of which 300,000 are issued and outstanding as fully paid and non-assessable.

(7) The securities offered by this prospectus consist of

- (i) \$2,400,000 principal amount of 6½% First Mortgage Sinking Fund Bonds, Series A (hereinafter referred to as "Series A Bonds") to be dated May 15, 1962, to mature on May 15, 1982 and to bear interest at the rate of 6½% per annum; particulars of the Series A Bonds are set forth on pages 8 to 14 of this prospectus to which reference is hereby expressly made;
- (ii) 416,000 shares without par value in the capital stock of the Company of which 96,000 shares without par value are being issued as a bonus on the basis of 40 shares without par value in respect of each \$1,000 principal amount of Series A Bonds and of which 320,000 shares are being purchased from the Company on the terms and conditions referred to in paragraph 14 of this statutory information.

(8) By agreement dated May 15th, 1962 between Frederick Goldwin Gardiner, Audrey Gardiner, John James Fitzpatrick, John Bartholomew Regan, William J. Anderson and John B. Conlin and Canada Permanent Toronto General Trust Company, Frederick Goldwin Gardiner, Audrey Gardiner, John James Fitzpatrick, John Bartholomew Regan, William J. Anderson and John B. Conlin have agreed contemporaneously with the purchase by the underwriters referred to in paragraph 14 hereof of the Series A Bonds and the shares without par value in the capital of the Company, to deposit in escrow with the Canada Permanent Toronto General Trust Company share certificates representing an aggregate of 299,995 shares without par value in the capital of the Company subject to release as to one fifth thereof on the 30th day of May in each of the years 1963 to 1967 inclusive, subject to earlier release with the written consent of Equitable Securities Canada Ltd., The Ontario Securities Commission, the Quebec Securities Commission and The Toronto Stock Exchange.

The said agreement does not contain any restrictions on the transfer of the said shares within the escrow. Subject as aforesaid no securities of the Company are to the knowledge of the Company held in escrow.

(9) Particulars of shares without par value sold by the Company for cash, to date are as follows:

Number of Shares Sold	Price per Share	Total Cash Received
5	\$2.50	\$12.50

No commission was paid or is payable in respect of the sale of the foregoing shares.

Reference is made to paragraph 14 hereof. The 96,000 shares without par value referred to therein have been allotted for issue at the time of delivery referred to therein and the Company has allocated out of the aggregate consideration of \$2,280,000 referred to in the said paragraph 14 the sum of \$2.30 per share in respect thereof.

Reference is made to paragraph 14 (ii) of this statutory information. The 320,000 shares without par value referred to therein are being issued by the Company to the Underwriters at a price of \$2.30 per share and said shares are being offered to the public at a price of \$2.50 per share as set out on the face of this prospectus, to which reference is hereby expressly made.

(10) To the date hereof no securities other than the shares referred to in paragraph 9 have been sold for cash. Reference however is made to paragraph 14 hereof for certain particulars of the Underwriting Agreement relating to the agreement by the Company to sell the Series A Bonds and the 96,000 shares referred to in paragraph 9 hereof and the 320,000 shares, all without par value in the capital of the Company referred to in this prospectus. Reference is hereby expressly made to paragraph 14 hereof.

(11) No shares have been issued or are to be issued and no cash has been paid or is to be paid by the Company to any promoter as such. Pursuant to an agreement dated the 19th day of April, 1962 between

Frederick Goldwin Gardiner, Audrey Gardiner, John James Fitzpatrick, John Bartholomew Regan, William J. Anderson and John B. Conlin, as vendors, and the Company, as purchaser, the Company purchased all the issued and outstanding shares of Limehouse Quarries Limited (incorporated on December 22, 1960) consisting of 312,210 3% non-cumulative, non-voting, redeemable preference shares of the par value of \$1 each and 31,221 common shares without par value for an aggregate consideration of \$740,987.50, satisfied by the issue to them by the Company of 299,995 shares without par value in the capital stock of the Company, the 299,995 shares without par value being the shares referred to in paragraph 8 hereof.

- (12) (i) The Company does not own any properties. The Company's wholly owned subsidiary, Limehouse Quarries Limited, owns, in fee simple, parts of lots 23 and 24, Concession IV, Esquesing Township, County of Halton, being those parts of the said lots having an area of approximately 250 acres and being bounded by the Canadian National Railway, the third and fourth Esquesing Township Concession roads and the 22nd and 23rd elevated Esquesing Township side roads.

Limehouse Quarries Limited holds an irrevocable option to purchase 100 acres more or less being the easterly half of lot 23, Concession III, Township of Esquesing, County of Halton, at a price of \$30,000 exercisable on or before September 1, 1964.

Limehouse Quarries Limited holds an irrevocable option to purchase 100 acres more or less being the easterly half of lot 24, Concession III, Esquesing Township, County of Halton, at a price of \$75,000 exercisable on or before August 1, 1963.

Limehouse Quarries Limited also holds an irrevocable option to purchase 65 acres more or less being part of the easterly half of Lot 24, Concession IV, Esquesing Township, County of Halton, at a price of \$9,000 exercisable on or before September 19, 1962.

- (ii) Limehouse Quarries Limited purchased those parts of lots 23 and 24 Concession IV, Esquesing Township, County of Halton, referred to above, from Ian Moore, 26 Oriole Crescent, Toronto, Ontario for a consideration of \$300,000.

The option covering the easterly half of lot 23, Concession III, Esquesing Township, County of Halton, referred to above was granted by Thomas Ritchie, R.R. No. 4, Acton, Ontario, in consideration of the payment of \$500 (to be credited against the purchase price if such option is exercised). The price at which the property may be purchased by Limehouse Quarries Limited pursuant to the said option is \$30,000.

The option covering the easterly half of lot 24 Concession III, Esquesing Township, County of Halton, referred to above was granted by Erika Mary Perry and Joseph Russell Perry, R.R. No. 4, Acton, Ontario, in consideration of the payment of \$500 (to be credited against the purchase price if such option is exercised). The price at which the property may be purchased by Limehouse Quarries Limited pursuant to the said option is \$75,000.

The option covering the easterly half of lot 24, Concession IV, Esquesing Township, County of Halton referred to above was granted by Emily McDonald, Joseph McDonald and Kenneth McDonald c/o Dale, Bennett, Latimer & Baines, 23 Main St., Georgetown, Ontario, in consideration of the payment of \$500 (to be credited against the purchase price if such option is exercised). The price at which the property may be purchased by Limehouse Quarries Limited is \$9,000. The option may be extended on the same terms until September 19, 1963 upon payment by Limehouse Quarries Limited of a further \$500.

- (iii) As far as is known to the signatories hereto no one has received or is entitled to receive from the vendors in (ii) above a greater than 5% interest in the shares or other considerations received by such vendors. Reference is hereby made to paragraph 11 of this statutory information for particulars of the issue of shares without par value in the capital stock of the Company in consideration of the transfer to the Company of all the issued and outstanding shares (other than Directors' qualifying shares) of Limehouse Quarries Limited, the owners of the properties referred to in clause (i) of this paragraph 12.

(13) Details respecting the properties of the Company, the means of access thereto, the character, extent and condition of underground surveys, exploration and development, work done and improvements made therein by the Company and the known history of the said properties are contained in and reference is hereby made to the report of F. C. Perry, P. Eng., dated April 12, 1962 which report forms part of this prospectus. Neither the Company nor Limehouse Quarries Limited have constructed or acquired any underground or surface plant and equipment.

(14) Under an agreement dated May 4, 1962, between the Company and Equitable Securities Canada Limited on its own behalf, as Underwriters, the Company has agreed to sell and the Underwriters have agreed to buy:

- (i) \$2,400,000 principal amount of Series A Bonds referred to in this prospectus and 96,000 shares without par value in the capital of the Company for an aggregate consideration of \$2,280,000 and accrued interest on the principal amount of the Series A Bonds from May 15, 1962 to the date of delivery payable in cash against delivery of the said Series A Bonds in definitive form and definitive certificates representing the said 96,000 shares on or about May 30, 1962; and
- (ii) 320,000 shares without par value in the capital of the Company for an aggregate consideration of \$736,000 payable in cash to the Company against delivery of definitive certificates representing the said 320,000 shares on or about May 30, 1962, which shares are being offered to the public at a price of \$2.50 per share,

all subject to compliance with necessary legal formalities and the terms and conditions stated in such agreement.

The Underwriters may have associated with them other Canadian dealers for the public distribution of the Series A Bonds and the shares without par value in the capital of the Company in which event the said dealers may acquire Series A Bonds and shares without par value in the capital of the Company at a net price less than the offering price to the public of \$2.50 per share. The names of every person having an interest, directly or indirectly, to the extent of not less than 5% in the capital of the Underwriters and the address of the Underwriters are as set forth on the last page of this prospectus to which reference is hereby expressly made.

(15) The details of future development plans of the Company's management showing how it is proposed to expend the proceeds from the issue and sale of the Series A Bonds and the said 416,000 shares without par value referred to in this prospectus are as set forth under the headings "Purposes of Issue" and "Project Fund" on page 4 of this prospectus to all of which reference is hereby expressly made.

The minimum amount, that in the opinion of the Directors must be raised by the issue of the shares without par value offered by this prospectus to provide the balance of the sum required to purchase the plant and equipment and to complete the work described under the heading Capital Cost Estimate appearing on page 3 of this prospectus, to which reference is hereby expressly made is \$264,777. The balance of the moneys required for the aforesaid purposes will be obtained to the extent of \$2,059,200, being the net proceeds to the Company from the sale of the Series A Bonds and to the extent of \$100,870 by delivery of crushed limestone aggregates of equal value to one of the suppliers of equipment.

(16) The estimated amount of expenses to be incurred by the Company in connection with the incorporation and organization of the Company is \$1,000. Legal, audit, printing and miscellaneous fees and expenses in connection with the issue of securities referred to in this prospectus are estimated not to exceed \$50,000. All of the foregoing fees and expenses are to be paid out of the general funds of the Company. The Company further proposes to expend an amount aggregating \$31,200 per annum for the executive salaries referred to in paragraph 18 (iii) hereof part of which will be expended during the period prior to the Company going into production.

The Company's wholly owned subsidiary, Limehouse Quarries Limited, has expended an amount of \$1,016 on incorporation expenses and an amount of \$929 on other administrative expenses and an amount

of \$11,098 on development expenses including site preparation, construction of access roads, geologist's fees and market reports.

(17) No indebtedness is to be created or assumed by the Company which is not shown on the pro forma consolidated balance sheet of the Company as of May 8, 1962, forming part of this prospectus.

(18) (i) The following are the particulars with respect to the principal business which each Director and Officer of the Company has been engaged in for the past three years:

Frederick Goldwin Gardiner Chairman of the Council of Metropolitan Toronto to
January 9, 1962.

January 9, 1962 to date Partner Messrs. Parkinson,
Gardiner, Roberts, Anderson, Conlin & Fitzpatrick.

John Bartholomew Regan President, John B. Regan Company Limited.

John Donald Mingay To August 19, 1960 Special Agent of Prudential Assurance
Company.

August, 1960 to date President of the Consumers Glass
Company Limited.

George Murrison Wilson Vice-President, Equitable Securities Canada Limited.

John James Fitzpatrick To April 1, 1960, Vice-President and Director, Gardiner,
Watson Limited.

April, 1960 to date Partner Messrs. Parkinson, Gardiner,
Roberts, Anderson, Conlin & Fitzpatrick.

(ii) Frederick Goldwin Gardiner, John James Fitzpatrick, and John Bartholomew Regan were owners of shares in the capital stock of Limehouse Quarries Limited which were acquired by the Company for the consideration referred to in paragraph 11 hereof. Save as aforesaid no director or officer of the Company has ever had any interest, directly or indirectly, either personally or as a partner in a firm, in any property acquired or to be acquired by the Company.

(iii) During the current financial year it is estimated that the aggregate remuneration to be paid by the Company to its directors, as such, will be nil and to its officers, as such, will be \$31,200.

(19) The Company has not paid any dividends since the date of its incorporation.

(20) To the knowledge of the Company there is no person who, by reason of beneficial ownership of securities of the Company or any agreement in writing, is in a position to elect or cause to be elected a majority of the directors of the Company after completion of the present financing.

(21) The by-laws of the Company contain the following provisions as to remuneration of Directors:

The remuneration to be paid to any of the Directors shall be such as the Board shall from time to time determine and such remuneration shall be in addition to the salary paid to any officer of the Company who is also a member of the Board of Directors.

(22) The Company has not completed its first financial year. It is estimated that no remuneration will be paid to the Directors of the Company or its subsidiaries as such during the current financial year and it is estimated that the aggregate remuneration to be paid by the Company during its current financial year to officers who will be entitled to receive remuneration in excess of \$10,000 per annum will be \$30,000.

(23) No amount has been paid since the date of incorporation of the Company or is payable as a commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any

shares in or obligations of the Company. Reference is made to paragraph 14 of the statutory information for the price at which the Series A Bonds and the shares without par value are being sold by the Company.

The foregoing constitutes full, true and plain disclosures of all material facts in respect of the offering of securities referred to above as required by section 39 of The Securities Act (Ontario), section 39 of The Securities Act, 1954 (Saskatchewan), and by part IX of The Securities Act, 1955 (Alberta) and under the Quebec Securities Act and there is no further material information applicable other than in the financial statements or reports where required.

DATED at Toronto, Ontario, May 16, 1962.

Directors

F. G. GARDINER

J. D. MINGAY

G. M. WILSON

JOHN J. FITZPATRICK

JOHN B. REGAN
Director and Promoter

Underwriters

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 39 of The Securities Act (Ontario), section 39 of The Securities Act, 1954 (Saskatchewan), and by part IX of the Securities Act, 1955 (Alberta) and under the Quebec Securities Act and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

EQUITABLE SECURITIES CANADA LIMITED

by W. N. HOVEY

The following are the names of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Equitable Securities Canada Limited, 60 Yonge Street, Toronto, Ontario: William N. Hovey, George M. Wilson, John S. Hill, Blair B. Deale, James R. South, Donald J. Rogers, Martin G. Kent, A. Donald McEwen.

